

# NATION'S BUSINESS



JULY • 1932



Is depression merely a fad? Has public like-mindedness made it the fashion to be broke? Read Earnest Elmo Calkins

**Page 17**

How commercial and industrial leadership is reshaping policies to meet changing conditions. Read Raymond Willoughby

**Page 25**

What is back of the tax bill, government economy, budget balancing, and what does the future hold? Read Willard M. Kiplinger

**Page 21**



PUBLISHED BY THE  
U. S. CHAMBER OF COMMERCE  
MERLE THORPE, Editor



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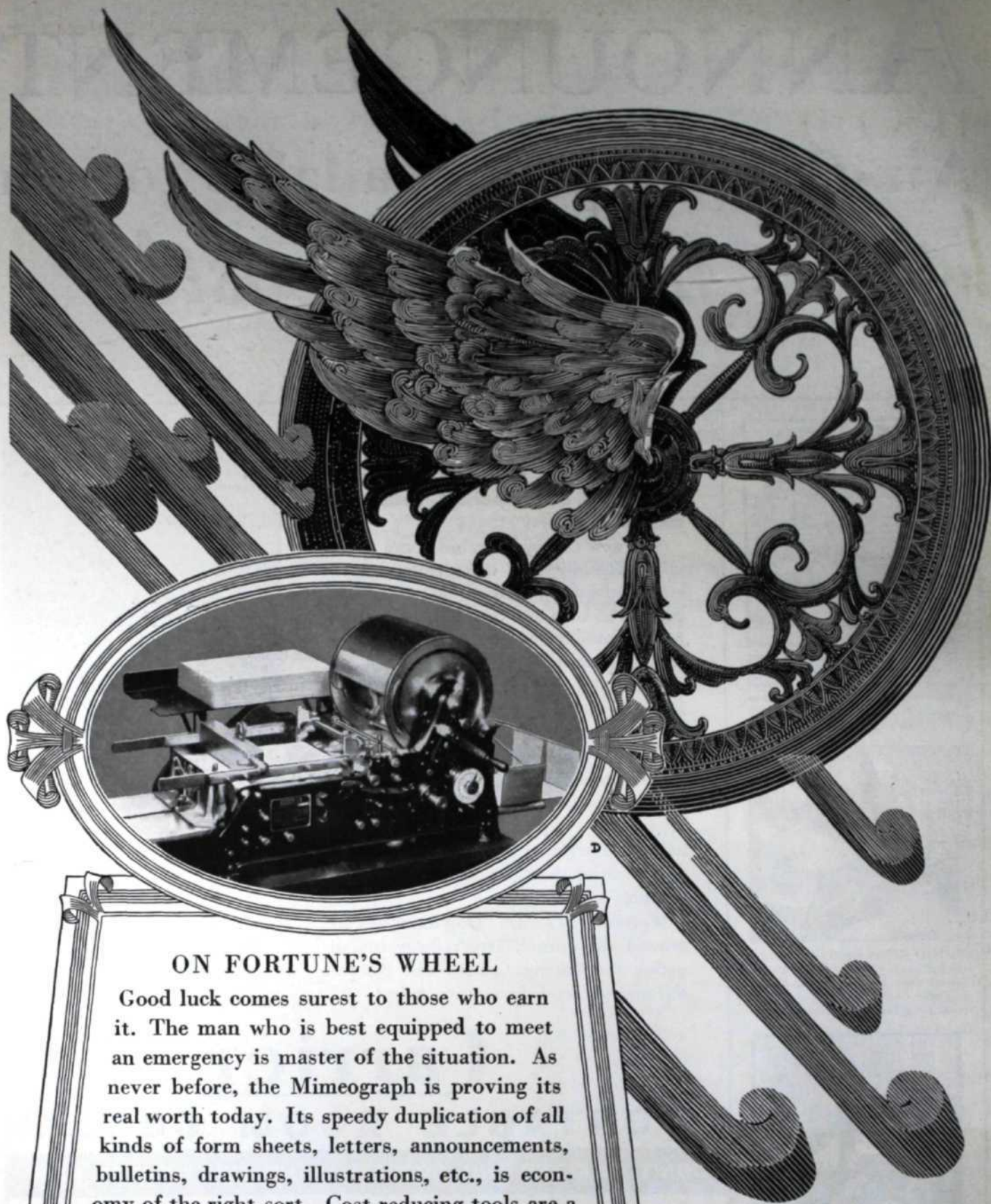
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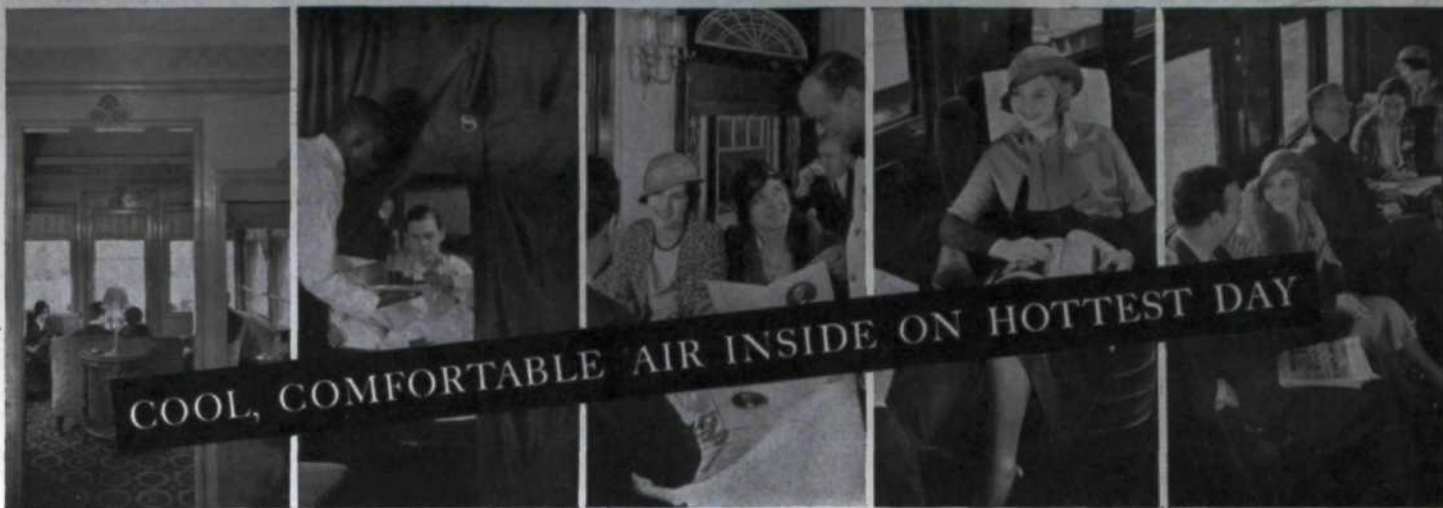
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NEW YORK...WASHINGTON...CHICAGO

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# NATION'S BUSINESS for July

VOLUME 20

NUMBER 7

## CONTENTS

### Like-mindedness

That is the name that Earnest Elmo Calkins gives to a national trait which, he says, is at least partly to blame for the depression. In an article beginning on page 17 he explains how the very quality which once made business good is now helping to keep it bad.

### Program

Now is the season for preparing platforms. The political parties are doing it. Business can do it, too. Beginning on page 20 is a business platform drawn up by Henry I. Harriman, new president of the U. S. Chamber of Commerce. The points he sets down do not necessarily reflect the opinions of the Chamber but they are interesting because they reveal the type of man who now heads the greatest organized business group in the country.

### Kiplinger

Every month somebody tells us that the current Washington news letter is "the best yet." This month's contribution should draw an unusually favorable response. Every reader, of course, reserves the right to draw his own conclusions from what he hears and feels about Washington. We do not ask you to agree with Mr. Kiplinger but you should find his opinions refreshing.

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### Policies

Business enters the second half of the year a bit groggy but facing forward and trying to find solid ground. A check will show that there are not only many new methods but many new ideas. A good many established customs and traditions have gone overboard. Others are being revised. On page 25, Raymond Willoughby conducts an inventory of business thought to see how the new forces growing out of the depression are being assayed and met by modern leadership.

### Price-Cutting

Some actual examples of damage done to business by companies that have sacrificed profits in the interests of volume. This article by C. D. Garretson will be welcomed by readers who remember former articles by this writer who has the courage to speak plainly about business men and methods and to emphasize his views with actual illustrations taken from his own experience.

### Confessions

The fifth and last of this popular series by a well known business man is printed in this number. For the first time, the author's name is signed to his contribution. For reasons, which are explained on page 31, it was omitted from previous articles in the series.

MERLE THORPE, Editor and Publisher

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Read down

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8:45 AM Ar. Cincinnati	..... Lv.	5:45 PM
10:59 AM Ar. Louisville	..... (CST) Lv.	1:00 PM
10:40 AM Ar. Indianapolis (Big Four Ry)	Lv.	2:10 PM
3:00 PM Ar. Chicago	..... Lv.	10:05 AM
4:15 PM Ar. St. Louis	..... Lv.	9:04 AM

**Eastward**  
Read up

## CHESAPEAKE and OHIO

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## Through the EDITOR'S SPECS

**A** CORRESPONDENT of Topeka, Kansas writes:  
I have heard your talks over the radio and note that you are the editor of NATION'S BUSINESS. Please tell me about the magazine.

A fair question and one which caused the editor to take an inventory.

ARTHUR BRISBANE once wrote some rules for young men who wish to succeed in journalism. "Feed your mind," he said, "as you feed your body, every day. Feed your body less and your mind more if you want to be a good newspaper man. A prize fighter can't fight on the beefsteak he ate ten years ago. Newspaper men can't do good work on the thinking of 20 years ago. Read and think. Keep your mind open to new ideas."

This salutary doctrine is no less applicable to business. A salesman has no more right than a journalist to have an undernourished, underexercised mind. The buyer for a department store has no more right to be working on the experiences of ten years ago than a city editor.

NATION'S BUSINESS has developed its editorial policy in the belief that business enthusiasm which is not nourished must die. Ideals which have no roots breaking into new soil must wither, whether the business be big or little.

The editors of NATION'S BUSINESS strive to keep its readers' enthusiasm alive not with the phrases and presentations of ten years ago but with observation, reading, and contact today. Its editors help to strengthen and re-vitalize their own ideals, by feeding their minds on the words and examples of men who are now striving and winning.

NATION'S BUSINESS keeps its editorial policy alive and athletic by the pursuit and acquisition of new ideas and above all by the constant and



# THE NEXT 10 MONTHS

## will determine your success

### in the next 10 Years

**N**OW is the time to take advantage of a great transition period in business history.

In the next 10 months the men who are going to be in control for the next 10 years will be chosen. There will be new jobs, new methods, new men; and new preparation will be needed.

Now is the time to get in early—to get in on the ground floor.

The man who is running around in circles won't get anywhere today. It's the man who moves into the strategic position who will win. The *amount* of work you do doesn't count any more.

Give up the hit-or-miss way of working. Plan for the new day. Now—during the present inactivity of business—is your opportunity to prepare yourself for the years just ahead.

To make progress from now on, *you must know the new rules*. No matter what your job, you must have an understanding of the new influences that are at work everywhere.

There is a new sales strategy, there are new production methods, a new export situation, new methods of determining security prices, a wave toward big consolidations—in short, a new era of business.

---

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---

Many men are finding the answers to their problems in the Alexander Hamilton Institute's new Course and Service. This Course, new from start to finish, represents the condensed experience of the best business brains in the country—men like M. H. Aylesworth, *President*, National Broadcasting Company; Hubert T. Parson, *President*, F. W. Woolworth Company; Frederick H. Ecker, *President*, Metropolitan Life Insurance Company; Colby M. Chester, Jr., *President*, General Foods Corporation; Joseph H. Appel, *Executive Head*, John Wanamaker, New York.

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forceful exercise of hard thought. For in making a magazine, as in every other business, hard, clear thinking is the major part of every operation.

From the first it has been clear to NATION'S BUSINESS that a magazine which is going to do its full duty to its readers must be wide awake. And when we say that NATION'S BUSINESS is wide awake we mean that it is alive beyond a regard for its own economic prosperity. The severe pressure of competition will see to that. But in a much larger sense it is awake to the general movement of business life. NATION'S BUSINESS is interested in science. It keeps a close watch on industrial research and makes "Change" a guiding text. It takes thought of little business and of big business. It is interested in politics—even apart from taxes and regulation, because in recent years every business problem leads directly or indirectly to some government bureau, board, or commission. It is concerned with all aspects of the practice of business.

EVERYONE knows the pleasure of meeting people—and magazines—who are wide awake. They are not as common as they should be. The slow mind, the dull eye, the sleepy imagination in a companion—or on a printed page—balk both interest and attention. NATION'S BUSINESS is devoted to the service of making business life seem more interesting, more completely livable.

It is a good thing to make business better. It is an important thing to make business brighter. Wakefulness is infectious. We want it to be said of NATION'S BUSINESS that its complete alertness raises the quality of business. "He is a dull fellow who is always thinking in terms of the ledger and the cash book—and no man has a right to be dull if he can possibly be interesting." NATION'S BUSINESS looks upon all business as an expanded and multiple personality which also has no right to be dull.

BUSINESS in these days is prompted to an acuter sense of the worth of organization, the keener realization that man is at his best when he is organizing, by the news of strange, almost fantastic, disorganization throughout the world. For American business there can be only one reaction. It must not join the crowds of those who exalt complaint and glorify pessimism. It must to the uttermost ounce of skill and energy organize in its individual character. By its very sponsorship NATION'S BUSINESS spreads the gospel of organization



in the faith that good organization communicates itself in widening circles of public benefit, and that every demonstration of organization on a small scale helps those whose job it is to devise organization on a great scale.

NATION'S BUSINESS believes that there can be no stimulus without change. And so it consistently plans to present the stimulus of continual variety—not merely in one issue as the reader passes from department to department and article to article, but variety from month to month. It is a commonplace that few men, if they had the time, the money and the freedom, would not like to see what is going on in great industrial and commercial centers. Yet if most of them must leave large parts of the country unvisited, the desire is not checked; it only takes another form. They satisfy this intelligent curiosity by talking with travelers and by reading NATION'S BUSINESS.

NATION'S BUSINESS believes that "a greater amount of the intellect, the will, the courage, the enterprise of the nation is now spent in commerce than in any other aspect of the national life." It is also part of its creed that the power and importance of commerce in modern America are inadequately represented in its government; and that the political machinery in this country would function better if it were adjusted more accurately to the now dominant force in the national life.

AMERICAN business has been too long inarticulate. While reformers and politicians in the heat of protagonism make statements concerning economic policies and practices, fallacious in their half-truths, business men, indignant and resentful, never take time out to present facts in answer. To this agreeable task of finding the truth and printing it, NATION'S BUSINESS has dedicated itself. Fallacious thinking is the cause of much of our trouble. The legislative panaceas, the popular opinion aroused, have too often impeded the orderly flow of trade, and, in general, have done the public more harm than good.

NATION'S BUSINESS believes in the stability, the sanity, and the integrity of American business, ready to recognize its shortcomings, but with faith in its inherent ability to improve in ideals and practices from year to year, as it has in the past. Its speed of ethical growth is tuned to the improvement of human nature itself.

*MT.*

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NATION'S BUSINESS



A MAGAZINE FOR BUSINESS MEN



## A Happy New Fiscal Year

**W**HY DO we not send cheerful greetings to commercial firms about to embark on a new business year?

The amenities of good will if not custom support the idea. For now is the season when many concerns are putting their houses in order for the coming twelvemonth. The closing of the books on one chapter of business experience and their reopening on another is an event of first importance to proprietors, managers, and workers. Of the joy of beginning, a great merchant once wrote:

We see here the first external creative acts after the time of internal creation. The vision which was at first but a brightness on the horizon gradually became defined. Experience and judgment, confidence, imagination and resolution all did their part, and gradually the vision became a clear purpose, then a project to be discussed, then a plan in lines and words and figures on paper. Then came the little time of waiting, and, at last, the word was given, the first workmen stepped onto the site; now we can watch the hundreds busy through the long day; every one of them doing a little in the harmonious work of creation.

It is true that these projectors are optimists. They act in the belief that they will prosper. But a distinctive qualification inheres in their faith. Their optimism is in direct ratio to their experience, and so you will always find that the "more a man faces risks, the more he knows they are not to be feared. The more a man practises his will and his courage, the more he knows he can rely on them to bring about the realization of his purposes."

Such a man will survive the depression. He will triumph because he does not cower before the battle of life. Rather he manages to dominate his environment. It is a tragedy, as the Rev. Roswell Barnes reminded his congregation in New York City, "to see how many are afraid of life, cringing before it, trying to ward it off. They sit tight, hoping they can outlive the depression, hoarding money, courage and spirit, and praying that times improve. There is no adventure, no call to combat in this group because they are always on the defensive against life."

The ancient Greeks knew better. They had a way with adversity. They marched against the enemy "with fate," determined to mold the

result themselves, not just to see what chance had in store for them. Fear is of men, they believed, and so must succumb to combat.

Drifting will serve no better in our own hard times. The flood tide of prosperity carried every craft forward with small necessity for steering. In troubled waters chart and compass and a firm hand at the wheel are essential.

That is the real need for "leadership" in these trying hours—each individual business must man its own ship. The spirit of this understanding is happily reinforced with substance, as witness the timely example of the Shell Oil Company of California.

"In some quarters," says the Company in announcing a \$500,000 advertising campaign, we were told to be content that a depression is no time to undertake the huge expenditure for equipment, operating and advertising which are essential successfully to launch new products. We were told to be content, to plod along with the products we had, and to hope that at some time the depression would end. We believe the continuance of the depression is due more to the mental attitude than to any other one thing, and we most emphatically and definitely refuse to allow ourselves to be influenced by such talk.

And mark the self-energized leadership in these simple words:

We believe that the only way to regain prosperity, whether it be in the case of the individual or the corporation, is to deserve it, and that means confidence, vigorous work and cooperation. We are launching our program because we believe that its success will help not only ourselves but industry generally on the Coast. If our lead be followed in the same spirit, we think we need have no further anxiety about the termination of the depression.

That sentiment needs no occasion to give it aptness. The depression knows no season and respects no schedules. And sad to see, the national psychology has been colored with the contagion of timidity and hesitation. But where there is still a hospitality to sanity, the infectious quality of intelligent aggressiveness is convincingly argued by the businesses which have made the Will to get ahead the first condition to emergence from the national Slough of Despond.

To these bold spirits, now, more than ever, "A Happy New Fiscal Year."

*Merce Thorne*



... *a trolley car that dodges traffic*  
**The MODERNIZED TROLLEY BUS**  
 ... *a Westinghouse development*



HIGHLIGHTS ON WESTINGHOUSE AND ITS PLACE IN GIANT MARKETS

**H**ERE comes city transportation's newest electrical unit. Trolley wires for economical driving power free from obnoxious fumes, balloon tires for quietness and comfort, hand steering for flexibility! Even as you watch, it swings briskly around a ponderous moving van, swerves to make way for a taxi, and then draws up at the curb to let you come aboard.

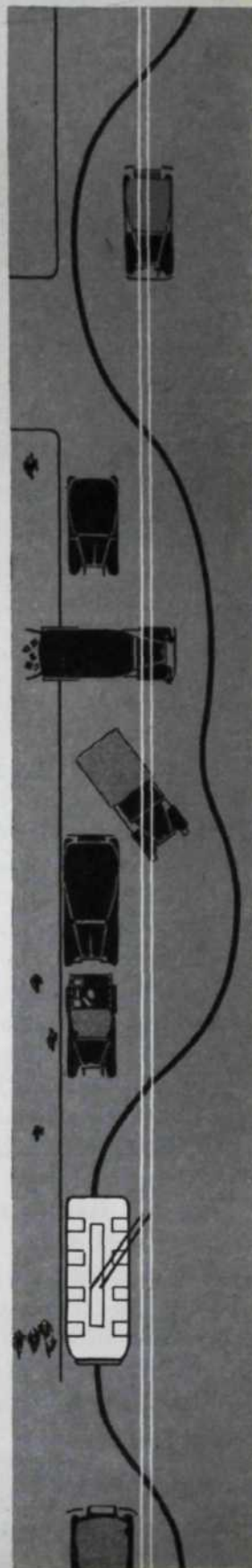
Street railway companies today face new and changing conditions. New communities must be served—often with limited operating budgets; traffic congestion must be surmounted; passengers must be served with new standards of luxury, speed and convenience. To meet these needs, efficient city transit service now has, besides the modernized trolley car for mass transportation, the trolley bus and also the auto

bus. Each performs service that is distinctly its own.

Equipment for trolley buses is one of the newer additions to the complete range of electrical equipment with which Westinghouse for many years has served the transit industry... continuously since the first commercial street railway motor came out of a Westinghouse shop in 1890.

Throughout the entire field of transportation by land, sea and air, Westinghouse is a major factor in the design, manufacture, and distribution of electrical equipment. And in like manner, also, Westinghouse serves homes, farms, stores, offices, factories and power companies.

WESTINGHOUSE ELECTRIC  
 & MANUFACTURING COMPANY  
 EAST PITTSBURGH, PA.







# NATION'S BUSINESS

Published at Washington by the Chamber of Commerce of the United States

MERLE THORPE, Editor

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## As the Business World Wags

THUS WE MAY SEE, QUOTH HE,  
HOW THE WORLD WAGS—*As You Like It.*

### Chamber Favors Balanced Budget



was a sort of a Committee of the Whole on the State of the Business Union.

Of the 23 major resolutions more than half deal with some phase of government as it is concerned with business.

Taxation and Expenditure, Balanced Budgets, Veterans Legislation, Federal Aid, Wages in Public Works, Government Competition—these are the titles of the first half dozen of the resolutions.

There has never been a time in our history when there was a greater need of a clear definition of what government should and should not do for, and to business.

On one point, the Chamber and the Administration at Washington are in agreement:

The budget *must* be balanced.

Two statements are worth reprinting:

We call upon the officials of our federal, state and local governments to balance their budgets both by the elimination of all unnecessary expenditures and the increasing of such equitably levied taxes as may be necessary as an emergency measure.

—*The Chamber of Commerce of the United States*

An unbalanced budget means the loss of confidence of our own people and of other nations in the credit and stability of the government and that the consequences are national demoralization.

—*President Hoover*

By the time this page is printed we may have a balanced budget. Let us hope so. It's the foundation of a recovery of our national prosperity.

### Government is Not Deflated



items yield more easily to economic upsets. . . . Certain raw material prices are much overdeflated and must be

REPRESENTATIVES of some 1,800 business organizations gathered in San Francisco in May at the Annual Meeting of the United States Chamber of Commerce. It

SAID Charles M. Schwab to the Iron and Steel Institute recently:

"A uniform deflation never occurs because some costs occupy a protected position while other

increased. On the other hand the cost of government is much too high and must be brought into line."

Let us translate that into common human experience.

"I am an executive in a small business. My salary was \$10,000 a year. It has been cut to \$8,000. I live in the fear—the expectation—whatever word you want to use, that it will be still further reduced.

"I grant that certain things that enter into my cost of living have been as Mr. Schwab says 'much over-deflated.' I bought roast loin of pork the other day at a chain store for 12 cents a pound—too low a price, perhaps. I can buy a suit of clothes for 10 or 20 per cent less than I paid before my salary was cut.

"But I have other things with which to reckon. My rent hasn't been reduced. I meet that by moving into a smaller apartment, unpleasant but necessary. My friend in the next office owns a house on which there is a mortgage of \$10,000. His interest hasn't been deflated and he's almost afraid to consider the immediate value of his equity in the house.

"I have a growing boy whom I hope to send to college next fall. There seems no deflation in that cost.

"And in addition to all this, I am faced with a larger income tax to be paid out of a lower income. My friend sees no prospect of a reduction in his taxes. I know my landlord isn't inclined to reduce rents when so large a part of my rent goes into his taxes and the interest on his mortgage. Am I not justified in asking that government be deflated?"

And there are hundreds of thousands of men in this country who are thinking that way.

### Prevailing Wage Is Flexible



of no benefit to workers. At its recent meeting the National Chamber asked that this provision of the law be repealed. Here's how it works as reported by the General Contractors Association:

On a job at Langley Field the contractors found that

THE law now requires that on the construction of federal buildings the "prevailing rate of wages" must be paid, an unjust, inequitable law which is unfair to contractors and



there was no active union with which to deal and carpenters and bricklayers agreed that 75 cents an hour was fair and was more than they had been getting.

The contractors bid for the job on that basis and got it. Then a hastily reorganized union appeared and demanded \$1.00 an hour. The Secretary of Labor upheld them. Then the union tried again and with the Secretary's backing got \$1.25. On a third effort, \$1.50 an hour was asked and the Secretary ruled that the prevailing rate should be the same as in Washington, 200 miles away.

### Not a Preventive For Low Wages



ANOTHER point about the "prevailing rate of wages." The Government exercises great solicitude for the man on the construction work.

What about the worker in the factory who makes the material? Here's a story a material man told:

"Recently we submitted a bid on a government contract. We wanted the business—wanted it very badly—and we struggled to make it low.

"We had high hopes of getting it, but our hopes were blasted. We learned that a competitor, a little known plant, had not only cut under us but cut very deeply. We started a private inquiry and learned that this successful bidder was paying his men, bench labor not unskilled manual workers, 17½ cents an hour, \$10.50 a week, for a 60-hour week.

"But, and here's an inequity in your prevailing rate of wages law, the men erecting that material on the job will get probably \$1.50 or more an hour, eight or ten times as much for work no more skilled."

There's an inequity that results when government tries to regulate business.

### Guaranty of Bank Deposits



THE HOUSE of Representatives passed recently the Steagall Bill for a guaranty of bank deposits. Its fate in the Senate and at the hands of the President is uncertain. It is

certain that the public temper has been aroused by 4,315 bank failures of the past ten years and that measures for bettering and strengthening our banking will find popular support. It is to be doubted if the Steagall bill is the answer. For one thing the history of state experiments along this line has been bad. Here they are as summed by a speaker in the debate on the bill:

Oklahoma: Enacted in 1907 panic, inoperative in 1921, due to fund being practically insolvent, repealed March 31, 1923, deficit between \$7,000,000 and \$8,000,000.

Kansas: Enacted in 1909 a voluntary system, not requiring payment in full, balance assessed after full liquidation, repealed 1929, deficit \$7,000,000, inoperative since 1926.

Texas: Enacted in February, 1925; made optional bond security system, guaranteeing system; became practically inoperative in that year; repealed 1927; deficit \$16,000,000.

Nebraska: Enacted 1911; repealed March 3, 1930; deficit \$20,000,000.

Mississippi: Enacted 1914; suspended March 11, 1930, due to deficit of \$3,000,000 to \$4,000,000.

South Dakota: Enacted in 1915; repealed in 1925 by legislature, reinstated by moratorium in 1926, finally repealed in 1927, deficit \$32,000,000.

North Dakota: Enacted in 1915, repealed in 1929, deficit \$14,000,000.

Washington: Enacted in 1917; voluntarily canceled when Scandinavian Bank in Seattle failed with deposits of \$9,000,000 and then all of banks in system withdrew warrants issued and not paid; inoperative since 1921.

One argument advanced in favor of guaranty of bank deposits is that it is in the nature of insurance and that insurance is a prime requisite of modern business. But insurance requires careful consideration of the risk. Fire insurance companies inquire as to the nature of the building and the fire record of its owner. Should not a bank's condition be looked into and only the deposits of those which pass high tests be insured?

A bank owes a primary duty to its depositors to return their money on demand. If the Government takes that duty off their shoulders, will the tendency be towards safer or more reckless methods of doing business?

### Credit Isn't Making Work



THE Reconstruction Finance Corporation has helped to keep banks and railroads and other corporations on their financial feet but so far there has been little result in

the way of increased industrial activity.

The Glass-Steagall bill helped the banks to make their positions stronger but complaints are constant that the money isn't making wheels turn and filling dinner pails.

The banker-industry committee of 12 in New York is trying to move credit out nearer the pavements and grass roots. It hasn't had time to show results.

The state of mind of industry on the need of money to turn wheels finds expression in the *Iron Age*:

"Big Money Must Come to the Rescue," says John H. Van Deventer, and explains the need of "big money" in these words:

One way out is illustrated in the case of one of our large steel making concerns which is now operating at a loss on a level of approximately 20 per cent. This company has heretofore practiced job rotation, but recently reached a stage where an increasing number of men had to be let go because there was not enough work, rotating jobs, to provide even a bare living for those employed. Yet this company has on its books enough business, held up for lack of financing, to bring immediately, upon its release, the company's production rate above 50 per cent, double its employment and put the concern on a profit-making basis.

It would be interesting to know what efforts the utility companies have made to obtain credit for projected works.

### Better Days Are Coming



JAMES TRUSLOW ADAMS, who prefaced a distinguished career as a historian and commentator on social problems by some years as a member of a stock exchange house,

insists that we are not now in the worst depression we have ever had. We were, he is sure, worse off in the years from '37 to '41 and in the years from '73 to '79, than now. Forty years ago in New York cavalry in the streets charged on hungry mobs. Not so many years ago Northern Pacific sold for 25 cents a share and went to \$1,000 in a decade.

One paragraph from Professor Adams is interesting:

I find in New York now precisely the same attitude, precisely



in reverse, that I found here in 1929. I wrote in an article published in December, 1928, that a business depression was under way; that market values must come down; that there was no "new era." I was selling my stocks then. Now I am buying. The situation today is no more new than was the situation in 1929.

Our economic history is one of up's and down's. The man who seizes upon the "down" and is sure it will last forever is as foolish as he who believed that the boom would last forever.

### You Pay Taxes In Your Rent



LAST month we reported that a certain landlord was sending his tenants notices which stated specifically how much of the rent he collected was actually passed on to the Government in the form of taxes. At that time we had not seen these notices but we suggested that this was an interesting idea which might help to bring home to the non-real estate owner that, after all, he doesn't escape the property tax.

After the magazine was published our mail brought us one of the slips. We are reproducing it here.

You are paying approximately \$449.70 of your annual rent in real estate taxes to the City of New York

Higher Taxes Mean

High Rents

Every Rentpayer is a Taxpayer

### Our Expensive Foreign Agencies



SENATOR Vandenberg of Michigan is campaigning vigorously for a consolidation of government agencies in the interest of economy.

He has tried repeatedly, he says, to get information as to the representatives abroad but constantly his efforts are blocked. He finally got lists of the American government at four foreign capitals and gave them to the public. Here's a summary:

Capital	Number of Employees	Departments represented	Annual cost
Buenos Aires	69	5	\$269,173
Mexico City	70	3	235,851
Copenhagen	34	4	112,730
Vienna	60	5	149,022

The departments not represented in one or more of these capitals are the Post Office, Justice and Interior.

### Henry Ford and The Farmers



HENRY FORD dropped in on President Hoover the other day to tell him of the plan he had been working on to combine farming and industry so that the industrial worker could save \$500 a year by raising his own food-stuffs.

Just what Mr. Ford's plans are he was not then ready to divulge. Perhaps he proposes an allotment of small tracts of quarter or half acres to workers according to the size of their families. Perhaps the genius of mass production would prefer large acreage and specialization by the workman-farmer in its cultivation. Men who run machine tools shall run tractors and youngsters who run errands shall hunt potato bugs.

But what of the farmers' reaction to this proposal? The farmer is a great Ford customer for tractors, trucks and passenger cars. If the factory worker can raise food, can't the farmer turn again to his four-legged power plant and means of transportation—the horse?

Wayne Dinsmore, secretary of the Horse Association of America, tells us that the farmers are turning to the horse and mule for many uses.

Amateur farming and gardening is a fine thing for the body and mind, but it's not always economical.

### Government and Little Business



IT HAS long been the fashion to regard "big business" as the only objector to the business activities of the Government. Since the discussion has centered around fertilizer factories, ship operation, power and light plants and insurance, the attitude of the average citizen has been "let them take it on the chin. They're big enough to stand the punishment."

But now the public has learned that it is not big business alone which feels this invasion of business rights. It has seen its neighbors and friends—the local laundry owner, the merchant, the real estate man, the tailor or tobacconist—suffer because they had to give odds to their Government in carrying on their business. It has seen this ruin of individual business accompanied by a tax burden which has grown more and more oppressive. The public is aroused.

As a result of this aroused public opinion, a significant thing happened in the House of Representatives recently. A committee of five members was appointed to investigate government competition with private enterprise and all other questions in relation thereto that would aid Congress in any remedial legislation.

This proposed inquiry had its inception in the personal investigation made by Representative Joseph B. Shannon of Missouri. He had been hearing from some of his constituents who have been forced to divide their business with Uncle Sam, as well as hand over a sizable share of their earnings in taxes. So he sent a young clerk, John Cronkite, to a government store. Cronkite returned outfitted from head to foot in apparel that cost him \$27.55. The same outfit, purchased elsewhere, would have cost him \$38 to \$50.

Mr. Shannon's experience caused Representative Ralph Horr, of Washington, to go shopping. At an Army store he bought a straw hat for \$1.85 and four bottles of cordial at 50 cents each.

"The cordial is labeled rum, scotch, rye and gin," said Mr. Horr. "Directions explain that, if it is mixed with one gallon of alcohol, the result will be the required flavor as well as color."

In the course of Mr. Cronkite's tour of government agencies he bought for \$4.85 a pair of shoes. To his surprise they were stamped "Made in England." At another store he acquired a light gray three-piece suit, for \$16; pocket handkerchief, 25 cents; underwear, 75 cents; white shirt, \$1.60; belt, \$1.

The young man also had luncheon, a shoe shine, hair cut and shave at government establishments and, de-



terminated to take advantage of all possible bargains, he bought cigars, camera film, witch hazel, soap and vaseline.

In addition to the goods bought in this manner, and innumerable letters from business men complaining of this competition, Representative Shannon has in his office a franked letter sent by a government store to citizens of Leavenworth, Kan. The letter announces "special sales for Friday and Saturday" of "fresh country eggs, 15 cents a dozen; bananas, 15 cents a dozen; ketchup, three bottles for 57 cents," and so on.

Mr. Shannon said merchants of that city were in distress because they could not meet the lower prices of the government competition.

As he read a letter from one of them, he opened a box containing a string of beads, a necktie, a bottle of cologne and a pair of women's pink pajamas (price 89 cents) and two packages of cigarettes (minus the two cent state tax) that his secretary had bought at the army post store.

One of Representative Shannon's constituents wrote to see if something could not be done to save his little jewelry business from this competition. A customer gets his price on, say, a Seth Thomas clock, takes the number, then walks across the street to the government store and buys the same clock for much less.

And here's another angle, a St. Louis shoe factory petitioned its representative in these words:

"Cannot something be done to stop the Government from making shoes at Leavenworth and competing with us in the Indian reservations?"

Then there's the difficulty faced by private laundries. It seems that the sisters and cousins and uncles and aunts of a government employee may send their family wash to a government laundry if they send it in his name. Representative Shannon says he has received protests from privately operated laundries in 20 cities.

The restaurant and delicatessen men also have a case and Representative Shannon has been looking into it. In a government building in Washington he was shown a restaurant which seats 2,500 persons. He was told that it "made for efficiency" in providing quick service for the personnel in a short lunch hour. He found that breakfast was served and asked why. No one seemed to know.

In Kansas City a restaurant is operated in the Federal Reserve Building, and the installation of another in the new post office building is contemplated. Space in government office buildings is also leased in competition with local real estate owners.

Our newspapers are up in arms against the Government's prac-



John Cronkite, in outfit bought from the Government

tice of printing and selling stamped envelopes to the public. And Representative Stokes of Pennsylvania reports that a varnish factory at Scranton is being ruined by the competition of a government plant at Norfolk. Representative Bacon is authority for the statement that the Navy Department maintains a factory for the manufacture of clothing.

These examples carry a significance far beyond the localities which provide them. They are symptoms of a comprehensive trend toward a paralyzing restriction of individual endeavor.

The fact is that Government has set up shop in about 250 separate lines of business and for this encroachment into those activities which belong to the individual, you and I as citizens are responsible through our indifference or our thoughtless encouragement.

Because of this, our tax burden is increased in two ways—First, the activities now assumed by Government, which should be carried on by individuals are not subject to taxation. Therefore a growing number of business enterprises, including property, are taken off the tax base. Second, when Government attempts to



Mr. Shannon with some of the articles, including cordials, the U. S. merchandises

carry on a business undertaking, it invariably runs at a deficit which the taxpayer must make up. This may be due to no lack of ability on the part of those whom we entrust with running a governmental business undertaking. It is due to the political mechanism which we have set up to protect political liberty—checks and balances necessary in handling matters involving our political rights but which hinder the efficient operation of a business.

So, when we have a large percentage of governmental activities, we find the reduced taxpaying capacity of the country is aggravated because government deprives citizens of earning money with which to pay taxes. Thus we have the anomaly of taxpayers providing the funds for their own competition.



# Depression is the Fashion



Good news is no news. Bad news gets the breaks and the big headlines



"The fault, dear Brutus,  
is in ourselves"

**T**HE first week in December I walked into the largest hardware store in New York to buy a new sort of scroll saw. This saw was developed and perfected and put into production last summer. It had been vigorously circularized among that large and growing group of amateur wood-workers of which I am one. I had received a tip from a fellow craftsman that it was "the goods." I had seen a demonstration of it in that very store two months before. I was already sold. I came to buy.

But as the salesman booked the order he remarked:

"I don't know that I can make delivery before Christmas."

I should explain that my wife and I had made a compact to spend only \$20 on each other's present this year, in view of difficulties in balancing the budget and pressing claims elsewhere. The price of the saw was \$19.50.

Buyers' market indeed! Was this the nadir of the most successful depression ever staged or were we back in December, 1928? I could only point in silent question to the dozen saws standing about on the floor.

"All sold," he replied. "We are 63 orders behind. The factory has promised to make deliveries as soon as possible."

"I am glad," I said, "that any manufacturer is able to get behind on any orders at this time. I'll wait for my machine with patience."

## By Earnest Elmo Calkins

Of Calkins and Holden, Advertising Agency

**CHAIN** newspapers, radio, motion pictures and other influences have produced a people so like-minded that they have to be rich or poor together, says Mr. Calkins. Once we boasted of our winnings. Now we boast of our losses and will continue to do so as long as that is the stylish thing to do

It was, by the way, delivered two days before Christmas.

The bearing of this, as Captain Cuttle would say, lies in the application of it. Here was one manufacturer who could sell goods, who was going contrary to the whole trend of current practice, swimming upstream at it were, selling goods when it had been universally agreed that goods cannot be sold because no one will buy.

### Few forget depression

**HOW** does it happen that a business operating in a narrow field is thus able to stir up a little buying excitement when so many of us, individuals as well as business concerns, are resting on our oars calmly accepting the apparently inevitable? The answer is that opportuni-

ties still exist, but are being realized only here and there while the rest of us accept the *status quo* and act accordingly.

Exceptions stand out against the prevailing apathy like crocuses on a raw April day. A good reporter could soon assemble an imposing array of such exceptions—in fact it has been done—but most of us are taking our color from the mood of the times and are competing with each other to prove which of us is worse off.

That very quality which makes us a nation of great advertising potentiality, our like-mindedness, is now functioning to keep us in the grip of inertia.

Whether the like-mindedness is a result or cause of advertising is at least an open question, but my own belief is that advertising exploits rather than creates this standardization. At least there are other factors all contributing to make us think and act alike, chain newspapers, radio and motion pictures, distributing the same words and the same pictures, syndicate editorials and comic strips, chain stores, the motor car. All have helped to form a public mind which condemns without stint all who fail to conform, who wear straw hats out of season, let their beards grow, get excited about Mooney or fail to get excited about Massie, or have any doubts as to the wrong headedness of Russia. The advertiser has been more concerned in exploiting this like-mindedness than in creating it, though no doubt he has contributed his quota to stand-



ardization of ideas. We have been abnormally self-conscious about our belongings lest they look odd to our neighbors. This applies also to our conduct and ideas.

I have said before that "Advertising owes much of its development to this spirit of emulation. More motor cars are sold because the family next door has one than because the purchaser has arrived independently at the decision that he needs one. A disposition to do what others do, to keep up with one's own crowd, or down with it when necessary, is the advertiser's greatest asset, and advertising of widely adopted popular articles has traded on this like-mindedness."

### Trading stories

NOT enough attention has been given to this mass mind working on itself. It is a peculiar quality of the American people that they take up a thing and carry it to ridiculous lengths. An even more powerful influence is what we tell each other, our daily exchange of hard luck stories, what has been called a whispering campaign, in which we abet and encourage each other in keeping down our prevailing low spirits. Shops and offices and factories are infected with it. We are making the most of the depression. At luncheon tables, in Pullman combination wash-and-smoking rooms, across glass-topped desks and waiting at the first tee, people are swapping stories of bad luck.

Back in 1929 it was the fashion to brag of your winnings. Each tried to cap the other with a bigger yarn about how much he cleaned up. Each group broke up radiating prosperity. Today the technique is the same but with the process reversed. Now we brag and even lie about our losses, our cuts in salaries, the red ink in our books, the people laid off. And we hint ominously at something worse that is coming. We reduce each other to a state of absolute pessimism in which it is obviously futile to try to do anything.

We Americans must be in style. We won't play golf if we cannot have plus fours. We take up bridge or backgammon furiously because everybody else does. We talk prohibition until the cows come home because it is the popular topic. We get all "het" up over the Massie case not because it is an exceptionally flagrant injustice, but merely because it

is one of those burning topics. We just cannot bear to be wise, energetic, self-helpful, prosperous when everybody is poor and discouraged. So we pretend to be worse off than we are to stay in the picture and the result is an entire nation at work to deepen a depression.

The newspapers help, of course, but they cannot be wholly blamed. We make them what they are. It is their business to print the news we want to read, instead of the dull and dry

information that will help restore public confidence.

We prefer to read about a busted bank rather than about the proceedings of the Reconstruction Finance Corporation. The only time the Reconstruction Finance Corporation gets into news is when it does something wrong like helping a Missouri railroad. Good news is no news. We prefer Will Rogers or Eddie Cantor to Walter Lippmann. The newspapers give us what we want. Bad news gets the breaks and the big headlines. The de-

struction of the Cunard pier by fire is a bigger story than the building of a million-dollar structure. Even in prosperity, good news is not as good news as bad news. In adversity bad news is the timely topic. Thus we all become Jeremiahs and read nothing but Lamentations, and talk nothing but economic defeatism.

It works something like this. A business that would be ashamed in normal times to be unsuccessful, unfortunate, a failure, is lulled into complacency by the conditions around it. It has no incentive, no one to emulate, no pace-maker. It has a continuous alibi. One need not know a great deal about human nature to realize how easy it is for most of us to evade responsibility for our lack of success in a time when nobody is successful. Even in a period of flamboyant prosperity and intense competition there are people who need every spur and incentive to make good.

Many people do well and continue to do well only because success is the fashion. They feel they must keep up; they are ashamed to be conspicuously unfortunate in a busy, hustling period when everybody is making money. They are affected more by the world's thinking than by the impulses within them. Take away that incentive as it was taken away when everybody joined the depres-

sion and a large portion of the present inertia is explained.

We are content to wait until some one does something. We turn hopefully (or otherwise) to President Hoover, Charles Dawes, Congress, repeal, the Farm Board, U. S. Steel, General Motors or some other outside agency to do the trick for us. We pin our faith on these so-called rulers of our destiny, hitch our financial wagons to these political or economic stars, gather the reins in our hands—and wait. "The fault, dear Brutus, is not in our stars but in ourselves."

The few instances that you or I run across in these troublous times in which some concern or individual like our jigsaw manufacturer is functioning like a normal being in a normal time, help to show what could be done if there were more initiative and less inertia.

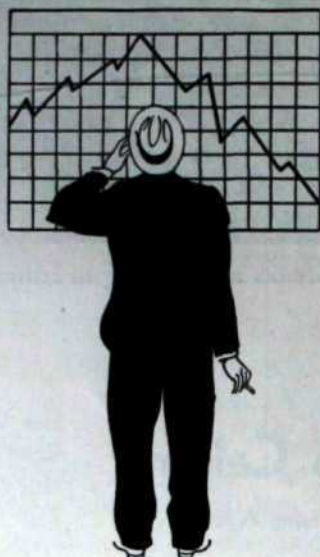
The other night my wife and I walked down to the nearest of one of a large chain of popular-priced restaurants for dinner. I do not know how many tables there are, but this particular Schrafft is nearly a block long with possibly hundreds of tables, all taken. When I at length obtained one, would-be diners accumulated behind the rope waiting for mine. It happens every night and at other branches also. A few months ago Schraffts was in the red to the tune of something like \$60,000 a month. What wrought the transformation? Mr. Shattuck grappled with the situation vigorously. Service and food were stepped up; prices stepped down. Guests were given the option of the unusually generous \$1.50 dinner with one small course omitted for \$1.25. Liberal newspaper advertising was used to make people come and they came. I understand the business is now earning a profit, as it should and can even in these times.

### Finding a job quickly

EVEN more illuminating is the experience of a woman, a friend of mine, who for many years was the personnel manager of one of our largest department stores. Early in the year she was let out.

"I woke up the first of February," she told me, "and realized for the first time in 40 years I was out of a job."

She had every reason, every excuse, for accepting the widespread fatalistic attitude that it was the depression and nothing could be done about it. She is more than 60 years old and her hair is white. Instead, she acted promptly and with shrewdness. Having nothing else to do, she volunteered to help in the placement department of the city unemployment bureau, where her long experience



We are making the most of the depression



in this field was naturally most welcome. Within a week the head of the bureau was taken sick and my friend was placed in charge. In less than two weeks more she had a paying job of her own, how well paid I do not know, but if there is any opportunity there, she will make it a well paid job.

### Individuals can end depression

THE change for the better will come when more people do likewise. Depressions begin and end in our own individual actions. Some outside influence, some national or international movement, something that stirs the imagination of masses of people sufficiently to change their thinking may start the upturn, but what we, the people, do is what makes times good or bad. Our thinking makes them so.

Small businesses and individuals have a better chance to solve their economic problems than the great industries which we call big business and to which we look to lead us out of the wilderness. Nevertheless, tribute should be paid to the gallant efforts now being put forth by the bell-cows, the dynamic campaign of General Motors, the continuing faith of the cigarette people, the beverage people and the makers of electric refrigerators. But the bigger the business the harder the adjustment. The real opportunities at this moment are those offered the small business and the individual.

This is a diagnosis, not a remedy. The only remedy is for us all to act as spontaneously and unanimously on an optimistic basis as we do on a pessimistic one. It is no good admonishing, telling us to cheer up, any more than it is ever effective to tell us to do something for the common good, "eat more wheat," "boost our home town," "buy now" or "stop hoarding." Such abstractions do not move people. What will stir us will be something new, so attractive, so advantageous, it will make us forget the depression, and act as a mass, as a nation. The same process that put us in will take us out.

In the past few years quickeners have come from amazing inventions and discoveries. The motor, the cinema, and the radio have each in turn fired the popu-

lar imagination and led business to new highs. What, then, will be the next new thing which will stir us up, give us renewed faith in our world and its potential possibilities and in its progress to world-wide popularity drag other businesses along by capillary attraction? There may be designs on drawing-boards and compounds in test tubes at this very moment which will put new life into an apathetic world.

Already intimations are creeping into the news. The other day, it was one-way glass, glass which admitted light but shut out sight. Those inside could look out but those outside could not see in. One physicist thinks the next big enterprise will be the suppression of noise.

Another prophet points out the possibilities in the plastics—those discoveries in chemical products producing new materials out of which to make old objects. Cellulose is one, already widely known in Cellophane and Celotex. The phenols are another group of which Bakelite is a concrete example.

Consider the possibilities of substitutes for wood, iron, cotton, glass with new qualities, with inexhaustible supplies, of houses, clothes, dishes, bottles, made of synthetic materials, houses so tight that fuel cost is nominal, of elastic unbreakable dishes, of clothes that are light, warm, comfortable, becoming and cheap, of buildings without windows be-

cause they are all windows. Despite the hope of many who pin their faith to commissions, moratoriums, reconstruction finance corporations as first aid to banks with frozen assets, bonuses for railroads or farmers or veterans, the regeneration of the great buying public into some semblance of its former fervor is not going to come from such economic gestures. They all lack the dramatic quality that appeals to the popular imagination.

On the other hand, some apparently absurd new idea—and was there anything more absurd than the auto or the movie or the radio in the beginning?—is going to emerge and spread like the proverbial wildfire. If it is something people can buy, and its manufacture employs labor and raw material, then it will be the force that will rouse a timid public from its apathy.

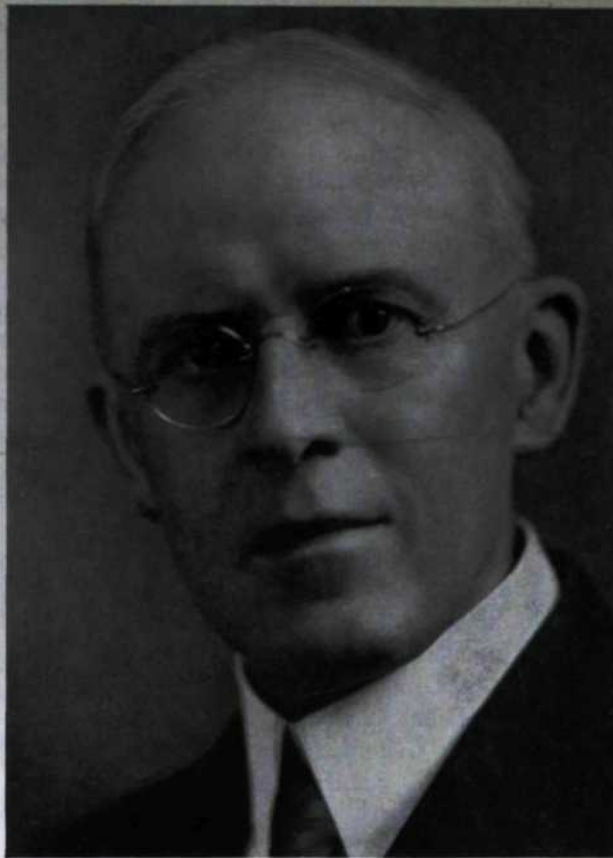
### An opera and the hat industry

AN INSTANCE, not big enough to leaven the whole industrial fabric, but typical in itself, occurred recently. The winter before there had been a revival of an Offenbach opera in Paris. Offenbach was the idol of the Second Empire. It turned people's thought toward the picturesque Empress Eugenie, and, lo, there was a movement in the hat business that set the mills at Danbury running full time.



More automobiles are sold because the family next door has one than because the purchaser has decided that he actually needs one





Henry I. Harriman, new  
President of the U. S.  
Chamber of Commerce

# Mr. Harriman's Business Platform



**H**ENRY I. HARRIMAN, native of Brooklyn, resident of Massachusetts, graduate of Wesleyan, once a manufacturer of textile machinery, vice chairman of the board of the New England Power Company and chairman of the board of public trustees of the Boston Electric Railway, was chosen president of the United States Chamber of Commerce at its San Francisco meeting in May.

Just before his election he spoke at a dinner of the American Trade Association Executives and laid down a platform for business in this emergency.

They're his opinions and not necessarily the Chamber's. They're the opinions of a man who has thought for himself. They're worth reading if for no other purpose than to get a picture of the mind of this man who has taken up the leadership of the chief organization of American business.

"To bring back prosperity to the United States, it is necessary to stop the present disastrous deflation, to restore general commodity prices to somewhere near the '22-'29 level so that the country will not be bankrupt, and to

put men back to work at fair wages. To this end I suggest the following:

## FIRST

Balance our budgets, national, state and municipal, and do so as far as possible by effecting economies, preventing waste, and cutting out needless expenditures. The balance must be raised by added taxes.

## SECOND

Give to the President, by constitutional amendments, the right to veto or reduce single items in appropriation bills and further, give to the President by law the widest right to consolidate and transfer departments or bureaus and to effect economies in administration.

## THIRD

Strengthen our banking system by raising the minimum capital of banks to \$50,000, provide for branch banking within state limits, providing a liquidating corporation for closed banks so that depositors may more quickly receive at least a part of their funds, and give the Federal Reserve Board reasonable control over credit extension to prevent undue credit inflation in times of speculation and undue credit deflation in times of depression.

## FOURTH

Amend the administrative features of our anti-trust laws, as provided in the recent referendum of the Chamber of Commerce of the United States.

## FIFTH

Amend the act under which the Federal Trade Commission is organized, so as to enlarge the power of trade associations and permit them to adopt fair basic rules governing the conditions under which each trade shall be carried on; subject, however, to reasonable supervision of such rules by the Federal Trade Commission or by a new Commerce Court, created for that purpose.

## SIXTH

Let business itself establish its economic council to consider the fundamental problems that affect all business.

## SEVENTH

Adopt an agricultural program which includes a fair trial of the Domestic Allotment Plan, say for wheat and cotton, the gradual reduction of submarginal lands under cultivation, and the repeal of that portion of the Farm Board Act which authorizes the attempt to equalize prices by government purchases.

## EIGHTH

Work definitely toward a reasonable and progressive plan for reducing the hours of labor. In certain industries the five-day week is undoubtedly now feasible.

## NINTH

Give an impetus to all industry by enlarging the power and the funds of the  
(Continued on page 59)



# What's Going on in Washington

## Trends and Future Trends in the Nation's Capital

By W. M. KIPLINGER

DEAR MAC:

SORRY to trouble, but you can't get a vacation from Washington even yet. Congress dumped a lot of things into the executive lap to be further refined and administered in one way or another, and the administrative policies of the near future will be quite as important as the legislative policies of the recent past. There are always a number of different ways a law may be administered. A new law does not necessarily mean what it says on its face or in the title. So you've still got to watch things in Washington. You are tired of it, and so am I, but that doesn't make any difference, for the watching job must be done at your end and this end.

I shall try to answer all questions asked in your recent letter, and also volunteer some comments of my own.

**Jitters** FIRST, let's ramble a bit. You wrote me some rumors that are circulating in your town and asked whether they were true. I've heard them a hundred times from a hundred towns. They circulate *via* Pullman car, private memoranda, brokers' wires, and local men who have run down to the big city for a day. Each seems plausible to you. Somehow the mere whispering of it makes it plausible.

If you sit at any center of things, like Washington, you soon get to seeing that some of the rumors are not true. Then you find most are essentially not true. Then you discover that many have a grain of truth. Then you see that the grain of truth is less ominous than the ghostly exaggeration drawn about it. Finally it dawns upon you that there is something frankly pathological about the state of the public mind. The public has the jitters, especially in the East, and lately the epidemic has moved westward.

Men of wealth have it worse than others. Men of wealth are largely responsible for wild rumors.

Economists are about as bad. Economists were about as shortsighted as bankers and brokers were in the heydays. Now they are determined to be "right" in the other direction. Economists express theories which become frozen into apparent fact on the fourth retelling.

In a neurotic state of mind the jitters grow.

I'm not asking you to scoff at the psychological phenomenon, and I'm not asking you to close your mind to lugubrious rumors, for they are a very real influence. You must recognize them for what they are, however, and not swallow them without an accompanying dose of philosophy or horse sense.

**Panaceas** THE LAST time you and I met we talked of our economic educations, and we both admitted they were faulty because they are

based on what was written in books by professors who had retired to their cloisters like theologians of the Middle Ages. We had to unlearn much of what we had learned.

A lot of fairly intelligent business men have not yet gone through the unlearning process. They are now flooding Washington with a tidal wave of panaceas. Everyone here gets them. There are long letters, booklets, mimeographed memoranda, plans, schemes. Some have a foundation of sense, but most are preposterous. All are born of a great yearning to be helpful, but they betray too much intensive thinking upon too few assembled facts. They juggle simple conceptions fantastically. They are products of economic book-learning which was oversimplified.

The force behind this wave of panaceas is a very real thing in politics. Regardless of what we may think of the merit of the panaceas themselves, we must appraise the force of the movement. Anyone engaged in the work of foreseeing economic or political trends should give considerable weight to popular pressures, and I have done so in connection with some of the appraisals herein.

**Confidence** YOU said something about people having lost confidence in the Government.

We all know this is true. I feel that there will be a mild revival of confidence in July, due to the negative factor of adjournment of Congress, and then perhaps a falling off in the late summer and early fall. It will be discovered that the Government is far from all-powerful.

The only point I want to make is that people expect too much from the Government, overrate its power and influence, and subsequently lose a confidence which in the first place was an illusion. The Government is not run by supermen. There are a dozen or more exceedingly able men in the political officialdom, but government brains *en masse* are not superior to private brains *en masse*. This is not said sarcastically, but merely as a way of emphasizing that government influence for either good or bad is usually overplayed.

All the more reason why we must and, therefore, will have in due course some sort of mobilization of good minds from private life to assist the Government in the emergency.

**The President** NOT by way of personal or political chitchat, but merely because government policies are so largely determined by the President, certain things ought to be resaid about Mr. Hoover:

Throughout the depression, which is now nearly three years old, his method has been that of step-by-step or piecemeal remedies. He grabs a tangible problem and



tries to do something about it in a tangible or specific way. Each chore fits somewhat loosely into a general pattern which the President has in mind but which the public cannot discern clearly.

There have been exceptions and there have been failures of the remedies to work according to advance advertising. Some failures and misjudgments are excusable, and some are not. But the point is that the Hoover method is the bit-by-bit method. Remember this and you will have a clue to quite a number of government administrative policies in the next few months.

**Relief** PEOPLE often say the problems of this depression are as great as the problems of world war days. They are greater. They are more difficult, more delicate, and more determinative of future national history.

On how we work out the problems of human relief during the next 12 months rests largely the question of what kind of an economic and social order we shall have for the next couple of generations. No one can be very cock-sure about the future.

On direct relief, the administration's policy will be to make it a bit hard for states (or cities through the states) to get federal loans. The policy will look hard-boiled, and the administration will be freely denounced as hard-hearted.

There are two reasons for the policy. The first and less important is that the Federal Government must conserve its resources and its credit. The second and more important is that there must be a minimum of dissipation of state and local responsibility. Unemployment and its relief will be with us for some years yet. In one way or another those who have must give to those who have not. The problem is to devise a method by which those who have will give in proportion to their abilities. Charity is one way, but a poor way. Public funds through taxation must be relied upon to a large extent. With local taxation for relief there is a maximum of assurance (a) that the community will bestir itself to find ways of making jobs as a substitute for direct relief, and (b) that direct relief will be cut off as soon as possible, without perpetuating the habits of idleness which are said to go with the so-called dole. These are the practical considerations which will motivate the Administration in its relief policies.

Furthermore, there are cities which need aid for their unemployed, but which also need political housecleanings. If they had the latter they could supply the former without running to the Federal Government. The federal papa will not be open-handed with wayward sons except as a last resort when all other expedients have failed.

It is reasonable to expect a certain amount of social disorder in many localities this summer and fall.

**Making Jobs** THE HOPE hereabouts is that a way can be found for the lending of government credit to certain private business enterprises which can use credit to increase production and sales, thereby to increase employment, thereby to cut down the volume of direct relief. This is still in the idea stage, but something good will come of it, probably in a small way.

The air-conditioning industry has been mentioned as an example of a new industry which might be able to

get going if it could finance installment paper representing air-conditioning installations by home owners, public restaurants, etc.

If this sort of thing can be worked on a large scale, it will obviate the necessity of public works. No one especially wants a large program of public works, if the equivalent results in the creation of jobs can be accomplished through private enterprise.

The Reconstruction Finance Corporation during the next six months is bound to become much more of a determinant of broad social and economic policy than it has been in the past. It must acquire the function of arbiter of broad economic policy. It is really a piece of financial dictatorship, though called by another name. Its program will be made to jibe more closely with Federal Reserve credit policies, Treasury financing plans, and general relief efforts.

**Credit** WE HAVE pumped more credit blood into the arteries of business, but it has congested largely in the banks. It does not circulate. It does not get to work in a way which will get men to work. It may do so this summer or fall, though I begin to doubt it.

Recently I made a little private survey of my own to see if I could discover any large number of businesses which could use bank credit, if they could get it, so as to expand operations and make jobs. I found a few. I was impressed, however, with the large number of business concerns which could borrow from their banks if they chose, but which do not want to borrow, do not want to expand operations, because they cannot do it profitably at present.

**Real Estate** CITY real estate represents one of the weakest spots in our whole financial picture. Mortgages are still badly frozen. There has been much liquidation, but it seems certain that a great deal more scaling down of mortgage debt on city property must be done before long. In many localities there is already practically a moratorium on rents and mortgages.

**Inflation** FOR a variety of reasons too complicated to be set forth, it seems to me that our national policy is headed toward some degree of inflation during the next year. The object is to cheapen money so as to raise prices, so as to start the buying which never occurs on a falling price movement, so as to make the payment of debts easier.

The inflation, if it comes, will not be enough to make payment of debt as easy as was anticipated when the debts were incurred. There must be a good deal of writing down of debts—partial cancellation by the adjustment route. Inflation will be more of an issue in the next session of Congress than it has been.

**Foreign Debts** IT IS hard to foresee any satisfactory solution of reparations and debts this summer. The Hoover administration probably cannot afford to make any further gestures of adjustment or extended moratorium until after the November elections. The outlook is not encouraging.

**Taxes** IT SEEMS evident that the campaign for the general manufacturers' sales tax is really just starting, and that there will be tremendous pressure for it in the next session of Congress, opening in December.



Federal taxes probably must be raised still further within the next year or two. It may be at the session opening in December, or it may be at a special session of Congress next spring, which would be called by the new President if a new President is elected by the Democrats this fall.

Meanwhile a thorough study of the incidence of taxation is sorely needed, so that federal, state, and local taxation policies shall be coordinated to make the burden more bearable. At present, our taxation system is helter-skelter, grab-here-grab-there, each political division and subdivision paying small heed to the grab of the others. Taxpayers' strikes are one result.

**Economy** THE Federal Government economy program has been only partially successful. The ordinary expenses of maintaining the civil branches of the Government are far less than one billion dollars, in a total budget of four billions, and it is arithmetically demonstrable that the necessary cuts cannot be made here. Nevertheless, it is probable that some rather drastic reductions will be made in the next session of Congress, at which time the new taxation burdens will have begun to pinch, and men like yourself find that extra tax payments prevent you from trading in your old "six" on a new "eight."

Veterans' expenses heretofore have been politically sacred, but the tide of public sentiment has now begun to turn against them. The Army and Navy have been more or less sacred, but I look for a change of public attitude.

The business public is aroused over government expenses, but is still poorly informed.

**Budget** THE budget for the fiscal year 1933, starting this July 1, probably will not be technically balanced, although it may be made to appear so.

**Subsidies** GOVERNMENT subsidies must come under new scrutiny. This applies to agricultural education, agricultural cooperative marketing development, air mail, ocean mail, shipbuilding loans and others. Each will have to justify its existence.

It is worth noting that shipping men are beginning to question the need of government shipping subsidies. Roger D. Lapham, President of the American-Hawaiian Steamship Co., in a recent speech commented on the futility of government subsidies of shipbuilding:

"The last thing the American shipowner in foreign trade wants today is new ships."

Such expressions as this represent an antidote for the flag-waving arguments of the subsidy proponents.

**Tariff** ALL the talk is about the desirability of downward adjustment of our tariff. The truth is, however, that in Congress the principal pressure

is for upward revision, or at least for maintenance. This is one of those strange contrasts, so often evident in our national affairs, as between the way we talk and the way we act.

**Agriculture** NEXT winter we shall see in Congress a stiff fight by the agrarians for equalization fee, export debenture or domestic allotment schemes, each being the equivalent of an inverted tariff to raise domestic prices of agricultural staples above the world price levels; also, as a substitute for the Farm Board's stabilization. It will take a couple of years yet for the accomplishment of the legislation.

**Banking** THE long-range trend of political policy is toward establishment of a single unified banking system, to replace our one national and 48 state systems, plus the District of Columbia. This is one of the major implications in the Glass bill. We cannot accomplish true banking reform in this country so long as we have 50 different systems, each competing for relative laxity of banking standards.

IN THIS, as in Mr. Kiplinger's previous letters to NATION'S BUSINESS, the views expressed are his own. We publish them because we believe the opinions of a trained observer on the Washington scene are of value to our readers.

We do not ask you to agree with him, in fact, it sometimes happens that we ask you to disagree because his opinions differ from our own

**Ex- POLITI-  
changes** CAL policy is headed toward regulation of the New York Stock Exchange, although no one

knows precisely the form it will take. It is obvious that investment bankers, plus some commercial bankers, plus brokers whose corporate identities are closely merged with both investment and commercial bankers, have loaded the country with gold bricks.

So the Stock Exchange will ultimately be regulated; the investment affiliates of commercial banks will be divorced from the parent institutions; the line will be drawn between brokers and houses of issue. Ultimately, the bankers and the brokers will see the necessity for reforms as a *sine qua non* of reestablishment of public confidence in the stock market. Senate committee investigations have had as their immediate object merely publicity—the shedding of light upon abuses. The problem of correction will come later.

Commodity exchanges probably will be subjected to some further regulation by legislation next winter, but of a nondrastic character.

**Chatter** —THE agricultural lobby was the most effective of all of them during the past session of Congress.

—Much legislation is made in hotel rooms, by compromises and agreements among spokesmen for the groups affected, with subsequent negotiations with members of Congress who are the nominal parents of the legislation.

—Congress increased its appropriation for the folding and mailing of speeches of members, for this is campaign year.

—One focused well-organized group of objectors to  
(Continued on page 42)



# No Business Can Escape Change

★ **A NATIONAL** Research Council inquiry indicates that nearly half of the reporting companies spent more on research in 1931 than in 1929—a fact revealing the value placed, even in face of falling sales, on improvement of old products and processes and finding of new ones

A NEW screenless motor, for textile and other applications where the atmosphere is lint-laden, is so constructed that lint is continuously blown out as soon as it enters. . . .

LAMPS, radios, other electrical devices are automatically turned on or off by a new combination electric clock and time switch which uses a self-starting, slow-speed motor. . . .

CHROMIUM-PLATED cast-iron cooking utensils are now available to the housewife. They are ready for immediate use, requiring no seasoning, and clean easily. . . .

TEA may now be had in individual bags made of perforated Cellophane. The bags are tasteless, permit quick drawing, and won't dissolve in hot water. . . .

SILK mills find a new outlet for their clippings, housewives material for quilt blocks, in a new package containing four to five yards of selected silk pieces. . . .

USABLE as telephone stand or small table in home or office, a new metal cabinet contains systematic files for private papers, tricky secret compartment, all under combination lock. . . .

VISIBLE joints, use of battens to cover them, are eliminated through a new plywood wallboard. A new spline joint is used to make an absolutely smooth wall. . . .

A NEW synthetic leather, made by impregnating crêpe wadding with latex, is said to be strong, flexible, porous and water absorbent. Its principal present use is for insoles. . . .

IN A recently developed arc cutting saw the cutting wheel forms one electrode, the work to be cut the other. Several hundred amperes at a low voltage pass, melting away the part of the work in contact with the saw evenly, rapidly. . . .

A NEW welded steel floor slab contains four keystone-shaped ducts, permitting electrical outlets at almost any point. The design is said to provide maximum load-carrying efficiency, ease and rapidity of installation. . . .

WELDED parts are now available commercially to machine and equipment makers. Economies over other methods of fabrication are said to be effected in many cases. . . .

ICELESS refrigeration is made available to rural homes and stores by a new oil-burning refrigerator. And fuel oil is burned by a new, economically operated cooking range. . . .

A NEW casement window unit is of aluminum-primed wood, with aluminum muntin bars. It is furnished complete with weather strips, screen, winter windows (where needed). . . .

A NEW rope, made of chrome-nickel stainless steel, operates safely in temperatures up to 1650° F., and is said to be fully resistant to corrosion from acids, alkalis, fumes. . . .

A NEW protective coating for metal uses a unique natural ore as pigment, is said to prevent electrolysis and corrosion, to be practically impervious to salt water, and acid, alkali and heat resisting. . . .

A NEW automatic proportioner is designed to mix two liquids continuously, accurately. Installed in the pipe line carrying the principal liquid, it measures and injects the second. . . .

A NEW blackboard is made of a fadeless black plate glass. Its velvety surface is said never to wear smooth. . . .

REDUCTION in size and cost of gas-operated air-conditioning equipment is foreseen through a new low-cost chemical compound which is said to dehumidify the air more rapidly and thoroughly. . . .

A NEW, light-weight insulant for trucks, railroad cars, pipes, is made of treated hog hair. Mats for use under rugs are also being made of the hair, hitherto largely wasted. . . .

A LIQUEFIED petroleum gas is now being shipped in tank cars to industrial users. It is said to offer economies in process heating operations requiring close control. . . .

A NEW gasket, designed for severe service, is made from a metal ribbon, shaped to develop maximum resiliency and wound on special machines with intervening layers of asbestos. . . .  
—PAUL H. HAYWARD

EDITOR'S NOTE—Material for this page is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business information into our offices in Washington. Further information on items mentioned here, which are of interest in connection with your own business, can be had by writing us.



# New Policies for Old

By RAYMOND WILLOUGHBY

Of the Staff of NATION'S BUSINESS



**PROFOUND** changes in the structure and practice of business are in the making. How commercial and industrial leadership is meeting these new forces is informatively indicated in the current reshaping of traditional policies

**A**S THE United States advances into its political Olympiad, the electorate faces issues as much economic as political.

It is everywhere evident that uncertainty still chills inclination to make future commitments. A bewildered world cries for leadership, and sighs for supermen. Yet there are those who believe that "the complaint never had any logical basis." They believe that "our need is not for more but for less leadership; it is for fewer plans for recreating the pre-panic era and for more of the courage of patience with which to await the working out of soundly conceived measures for recovery already undertaken." This conclusion is predicated on "a state of affairs where ingenuity is secondary to patience; where the fortitude to 'sit tight' is more important than the zeal to get out and push."

Meanwhile, direct action does not lack for advocates. Its disciples can be found among the cooperatively minded as readily as among the so-called individualists. Incandescent as may be their urge to do something, it has been checked by the clash of wills in the field of public policy.

"How," as one commentator asks, "could banks be expected to initiate a bold lending program when the question of balancing the budget is still in the air; when such proposals are pending as the Glass bill, the Steagall bill for the guaranty of deposits, the Goldsborough bill for stabilization of prices, and the various bonus measures, with their fiat money proposals?"

The trouble is that what is unsound to one mind may be sound to another. The riddle is to find a measuring rod acceptable to all shades of thought. Debatable as are men and measures in good times and bad, public interest in the changing aspects of the depression is currently reflected in the daily concern to understand economic principles and practices.

"How frequently, before 1929, did we hear gold movements, stabilization plans or central bank policy discussed in the common meeting places? How many of us were familiar with bimetallicism or with the effects of anti-trust laws and tariff walls upon domestic industry?"

These problems, says *Dun's Review*, formerly were left to the student. Now, together with the bimetallic standard, controlled prices, and changes in the anti-trust laws, they are of vital interest to business men.

**"WITH respect to business, the prime stimulant is the reasonable certainty of satisfactory profits from new and expanding undertakings."**

THE ANNALIST

Through the intelligent solution of these and related problems, business men hope eventually to find a more balanced industrial order.

"The old post-war order has passed, and a new order is in the making. Any attempt to guide it or define it by the standards of 1929 is foredoomed to failure and only serves to retard ultimate recovery. Real solution of the problems now facing us will come only along the lines of demonstrated soundness, time-tested and fact-founded."

So declares an anonymous commentator, and he adds:

In the early stages of the depression, repeated efforts were made to draw up a program designed to maintain the existing levels of prices and wages. Subsequent events have proved that that program, while it might have been effective under certain conditions, was based on a broad misconception of the far-reaching character of the changes that were then getting under way. Construction projects, extra dividends, the wage maintenance agreements were powerless to stem the tide of deflation. Nevertheless, the moral effect of the early agreements was strong enough to delay some readjustments that now appear as inevitable.

## Business on new grounds

SLOWLY the idea gains ground that "the dollar of 1932 is not the same monetary unit as the dollar of 1929, and that policies based on the assumption that the 1929 levels could be maintained are no longer tenable. An equilibrium must be sought at the new levels."

Credit has an important place in sustaining public confidence, yet the theory of liberal credit was questioned by the *Annalist*:

It is a mistaken belief that an easy money policy vigorously pushed by Reserve Banks would stimulate business. Easy money facilitates the expansion of stock speculation when good earnings by companies provide a basis upon which the prospects of future earnings can be readily overestimated. But with respect to business, the prime stimulant is the reasonable certainty of satisfactory profits from new and expanding undertakings. Unless reasonably estimated profits are wide enough to absorb without embarrassment a difference of one per cent in the cost of money, they are too meagre to warrant any borrowing for financing of business ventures.

Keeping in mind the flexibility of the economic structure, a practical economist, Dr. Stephen I. Miller, believes it pos-



sible to detect some new formations on the business battle front. Here is his catalog of change:

There is at least one transition that seems to be well defined. It is the growing power of nationalism. Many believed that the great war would draw the nations closer together. This faith has not been fulfilled. If anything, the economic and political instability which followed the war have forced the nations farther apart.

The necessity of economic rehabilitation, the default of interest and principal on international payments, the struggle for gold, fluctuations in monetary standards, trade embargoes, tariffs and the rise of Sovietism have all converged into a mighty urge toward national economic self-sufficiency. Even the much desired disarmament of the nations, would, in the first instance, tend to accentuate the necessity for industrial coordination. In a world without arms the residuum of power will rest with the nation that can most speedily and completely mobilize its economic resources.

As Dr. Miller weighs the possibilities, "for the time being business will probably face such an expansion on the one hand, and curtailment on the other, as will promote even greater national economic independence. The rapid progress in communication has brought the back yards of nations closer together. The first reaction has been one of fear. For the time being much attention will be given to boundary lines, industrial planning and managed economy."

Whether the United States should become a self-contained commercial, industrial and financial organism, or whether the nation should look to a world economy for the soundest growth is a question more and more in public view. It is much broader than the familiar documentary quibbling between old guard "isolationists" and die hard "internationalists," for it is inextricably bound up with the American standard of living.

New currents, or the accelerations of old currents, are readily discernible in statistical measurements of American life. The consequences of unemployment, for example. As the problem becomes more acute, a trickle of population toward the country swells to a tide—between January, 1930, and January, 1932, the gain in rural areas was estimated at 200,000. "Back to the farm" is no novelty as a slogan, but it does signify the tendency toward economic balance between city and country populations.

### Decentralized industries

MOREOVER, there is substantial suggestion of the decentralization of industrial concentrations, whether into suburban communities or into environments where factory workers can subsist on small-scale agricultural plots. As has been frequently pointed out extremes of the division of labor in part can be counteracted by diversification. In that recognition is to be found the reason for advocating "a greater diversification in agriculture, a greater diversification in investments, and a multiplicity of lines in merchandising."

The element of size itself is under closer scrutiny. It is brought to a timely appraisal in this itemized judgment:

Well-defined limitations are growing up around giant business enterprises. In the first place a great many business mergers of

the past ten years have been handicapped by a heavy promotional capitalization. Second, it has been found that a far-flung administration of business rapidly runs into a diminishing efficiency. Third, the unusually large business finds it difficult to make adjustments in times of economic stress and change. The business world is more and more convinced that the day of the small or medium sized independent is not past.

Nothing has ever yet been discovered that year in and year out can equal the effectiveness of the man who combines ownership and management, who possesses enough capital and vision to get the benefit of progress in business technique, and who knows how to buy, how to sell and how to safeguard his credit.

### A day of small business

IN similar vein runs the commentary of E. R. Hoyt in the *New York Times*:

In this time of depression many of the largest corporations are showing losses and many small, well-managed partnerships or corporations face nothing worse than lessened profits. The largest corporation depends for its success principally on the brain power of one man. The various lines—salesmanship, accounting, financing, construction, profits—all emanate from the brain of the chief executive, or are subject to his approval or rejection.

A board of directors, as Woodrow Wilson said, is "long, narrow and wooden," and a corporation board without a competent chief executive would never successfully manage or build up a business.

The small business man does not need the protection of the Sherman law; he is protected by the unwritten law which limits profitable growth in the body of the individual or in the corporation. The statement that the young man does not have the opportunity for getting into business for himself that existed in the past is "bunk." The big corporation, often top-heavy from an excessive expense account, is less dangerous competition than the smaller, well-managed concern, handled by a man who knows every detail of his business and who can quickly adjust himself to changed conditions.

Through all the talk of the depression runs the variegated theme of "recovery." But what is "recovery"? Dr. Paul T. Cherington, consulting economist, makes a case for a better definition of "recovery."

"It cannot mean," he says, "the restoration of the profitless activity of 1928-9, nor can it mean planned prosperity in which individual initiative is subordinated to some comprehensive scheme. If it means anything it means the bringing about of conditions of more satisfactory living for more people."

Now, the people in their rôles of consumers are still something of an enigma. True, they are regimented in impressive statistical groupings, but what the consumer does with his money does not always run true to charts and graphs. As Dr. Cherington sees him:

There is one point in this consumer's attitude at this time which may well be built into the thinking habits of every going business concern—the fact that the consumer has become supremely careful in appraising merchandise as to its value-in-use to him. There are many instances of manufacturers

who, by good management, careful planning, and the exercise of supreme skill and intelligence, have offered a maximum of value-in-use for a minimum price, and the offering has been met by immediate consumer response. It is seldom, even in these times, that a supremely good value, from the standpoint of the consumer's own interest, has failed to receive the consumer's recognition. The problem is not merely one of lowering prices but

**"IN THIS time of depression many of the largest corporations are showing losses and many small, well-managed partnerships or corporations face only lessened profits"**

E. R. HOYT



rather of giving a maximum of value-in-use for a minimum price.

The deflated consumer is cautious, exacting, unhurried and intelligently selfish. Extravagant claims of makers leave him stone cold; emotional frenzies do not interest him. This may be a temporary and abnormal state, but there is nothing to be gained by ignoring it. What he wants is a maximum of value-in-use for a minimum of his tightly-held money. Those who advertise or sell consumer merchandise may with profit take this to heart.

A recognition of this, and good use of it, may mean a recovery of prosperity to individual concerns, even though it may not generally revive the high days of profligate spending.

This idea of individual self-reliance has been visibly qualified by the cooperation of the business community in behalf of government measures to relieve the credit stringency and to bolster confidence. The transition in public policy is ably traced by Walter Lippmann in the New York *Herald Tribune*. Of the Administration's original policy for dealing with the depression he writes:

That policy was based on the theory that the collapse of prices in Wall Street need not and should not be followed by a general deflation of prices and dividends and wages. The Administration's view was accepted by Congress and by industrial leaders. Pledges were given and taken not to disturb wages or employment. The Farm Board set itself to hold up agricultural prices. Mr. Ford raised wages. The Steel Corporation declared an extra dividend. Congress reduced the income tax. The assumption was that the 1929 level of prices, wages, profits was normal and that a resolute concerted effort should be made to maintain it.

The national policy, initiated by Mr. Hoover and consented to by the country, consisted of what H. G. Wells likes to call an "open conspiracy." It was an open conspiracy not to deflate.

The breakdown of that policy is visualized in this paragraph:

We are now in the later stages of the failure of that whole policy. It has not been possible to maintain the 1929 level of prices, profits, or wages. Experience has shown that government, finance and industry have not had the power to maintain the old price level. There has been a relentless movement down to a new price level. But the movement has not been uniform. For some prices and some wages are protected by a kind of monopoly. They have come down more slowly than unprotected prices and unprotected wages. The result is that today the whole economic system is out of adjustment because the relationships between all kinds of buyers and sellers, employers and workers, borrowers and lenders, are radically different from what they were two years ago.

The myth of an inexhaustible public credit is finding hospitality among high placed publicists as well as in the minds of economic "illiterates." It is not difficult to agree in a public sense that "our troubles today are in large part due to the theory that anything our hearts desired—from a diamond brooch to a battleship, from an icebox to a motor highway—could be had painlessly and promptly by borrowing money. In the years between 1914 and 1929 the whole world, ourselves well at the front of the procession, had been piling up debts. The nations borrowed to pay for the war. They borrowed to reconstruct what the war had destroyed. They borrowed to finance prosperity. Then they borrowed to finance the depression. The borrowing mania ended for Germany last June, for Britain last September. For us it should at least begin to end now."

Popular notions to the contrary notwithstanding, as Professor Fred Rogers Fairchild of Yale University reminds us, governments are not outside the rule of the business cycle:

During the prosperity phase life is easy for government, as it is for industry and the individual. The rising property values and

increasing incomes of the people add automatically to the tax revenue. Instead of performing their existing functions at reduced cost to the taxpayers, most governments choose to take advantage of prosperity to increase the liberality and the range of their expenditures.

Such expansion generally fails to limit itself to the increased revenues afforded by prosperity but goes on to still higher levels. Soon it appears that tax rates must be raised and new sources of revenue sought. The taxpayers, happy in their own prosperity, submit good-naturedly to increasing tax burdens which still leave them enjoying larger incomes than before. So the prosperity phase of the business cycle, instead of affording relaxation of the tax burden, actually leads to a heavier burden than before.

### Playing politics on a charge account

IT HAS been the history of political parties that their platforms invariably proclaim their support for economy in government expenditures as a principle, yet an invisible reservation has always operated to check the practice. The people are sovereign, say the spellbinders, and the people respond by voting a straight ticket and expecting the politicians to deliver on a perpetual charge account rather than "C. O. D."

Francis Sisson, vice president of the Guaranty Trust Company, New York, puts it this way:

The problem, in the last analysis, is one for the people, as well as for the public authorities, to face. The latter maintain, and often with justice, that both higher taxes and curtailed expenditures are politically unpopular and that an administration that refuses to accede to extravagant popular demands will be displaced by one that will. Where such a situation exists, the people must be individually impressed with the fact that every dollar spent by their government must come from their own pockets, and that postponing the day of reckoning only makes conditions worse.

It may be said that the public indebtedness already incurred has imposed upon the people of this country as well as others, a tax burden that will impede economic growth for years to come. A general acceptance of the necessity for an abrupt reversal of fiscal policy will greatly facilitate the solution of the problem.

Beset with plans and panaceas, and groping for light on its own complicated problems, business enters the second half of the year a bit groggy, but facing forward and trying to find solid ground. Some of its observers believe that a general reorganization will be needed to assure a dependable recovery. This state of mind is well defined in the Wall Street opinion that

some of the well seasoned companies, while enjoying no pleasant business, are managing to keep on an even keel without much difficulty, but most of the newer combinations launched since the war are finding the weather rather rough. Some of the older companies in certain industries are not much better off. Various expedients have been tried in the last two years to stave off present difficulties. It will be recalled that most of the industries based on the processing of commodities tried to stabilize from the ground up by controlling production.

This resulted in curtailment plans for the oil, sugar, rubber, copper, and other industries, with varying success or failure. Many of the weaker companies in these industries have already succumbed and have been reorganized, liquidated or absorbed. It is becoming clear now, however, that the general fall of prices is making it more and more mandatory that scores of companies reorganize their capital structure and operating systems. Companies with large reserves occupy a favored position, but others cannot depend upon accumulated resources for relief.

How far this overhauling has proceeded, at least in its purely fiscal phases, is statistically suggested by Ernst & Ernst, accountants.

The liquid position of 468 industrial corporations at the

**"ONE point may well be built into the thinking habits of every business concern—the consumer has become supremely careful in appraising merchandise as to its value-in-use to him"**

**DR. PAUL T. CHERINGTON**



end of 1931, the report shows, was more than twice as strong as at the close of 1921 in the depression of a decade ago. The figures are classified by 19 different industrial groups and "miscellaneous." For the total of all 468 companies in all groups, summaries are:

Ratio of current assets (less inventories) to current liabilities, at the close of 1931, was 3.82 to 1; at the close of 1921, 1.87 to 1. Inventories represented 52 per cent of net working capital at the end of 1931 as compared with 68 per cent at the end of 1921. Current assets in 1921 were \$6,684,728,185; in 1931, \$7,794,649,594; increase, \$1,109,921,409. Current liabilities in 1921 were \$1,814,873,903; in 1931, \$1,141,318,445; decrease \$673,555,458. Inventories in 1921 were \$3,291,536,799; in 1931, \$3,433,641,468; increase \$142,104,669. Cash and securities in 1921 were \$1,521,976,419; in 1931, \$2,622,111,114; increase, \$1,100,134,695.

### Dividends higher than 1929

THIS improvement in liquidity has taken place, even though dividend payments by corporations generally throughout 1931 were relatively larger than during 1921. Average monthly dividend payments (exclusive of railways) for 1931, according to U. S. Department of Commerce statistics, were \$226,000,000, an increase of 9.09 per cent over the \$207,175,000 monthly average for 1929, whereas the monthly average for 1921 was \$45,200,000, a decrease of 9.85 per cent from the \$50,140,000 monthly average for 1920.

Fourteen per cent of 900 companies analyzed by National City Bank of New York had greater net earning in 1931 than in 1930. Others reduced deficits. Decisive profit factors, as revealed by the bank's study, included:

A thorough housecleaning job already done in 1930, so that the improvement indicated was partly a matter of book-keeping transactions; smaller losses on inventories in 1931 than in 1930, and the writing down of valuations against reserves previously set up; relatively greater reduction in prices of raw materials than in selling prices of finished goods; lower operating and overhead costs through the application of economies; lower unit costs through reduction in salaries, wages and bonuses, and through more efficient distribution of work; successful results of research in the development of new products and technical or style improvements of old; maintaining sales volume through intelligent and aggressive advertising and selling; elimination of unprofitable items, departments, branches or territories; recognition that drastic price-cutting is ruinous to the entire industry; "dressing up" the product by attractive, waterproof, dust-proof, sanitary packaging.

Entire regions, as well as individual companies, are facing new facts and making new policies to deal with them. New England, for example, has articulated a broad declaration of policy through the industrial committee of the New England Council, which includes representation from the six New England states. Up to February 1, 853 ballots had been received in response to the proposals defined by the committee. The considerations were presented in three groups—"measures on which the individual company would rely for improved profits in

1932," "planning in order to minimize or forestall the effects of the next depression," and proposals in the interest of "business progress."

In the scope of individual industries the plan for consolidating the general sales management of Buick, Oldsmobile, and Pontiac made important business news. The obvious advantages in eliminating duplication and the eradication of inter-divisional competition were editorially amplified by *Automobile Topics*:

Reduction of selling expense is the order of the day in all lines—not only automobiles—along with the chiselling down of overheads and, as a last resort, the skimping of the product. Students of merchandising problems are asking themselves whether this is enough,

however. They are groping for methods of effecting distribution that will be not only more economical but more effective. But just at the outset they are faced with the obstacle that much that would be effective in the way of sales promotion is beyond the grasp of any concerns except the very biggest because of the basic expense.

From deep consideration, one shrewd mind has evolved the idea of creating what might be termed the ideal selling organization, composed of experienced and highly intelligent personnel, to take charge of the distribution of a group of selected non-competing companies. The idea—an outgrowth, one would say, of the German "ring"—would be that a highly concentrated group of sales specialists is capable of functioning in several fields as well as in one and that by, so-to-speak, commuting its talents it might bring to several participating group members an effective result such as none of them could afford individually.

### Flexible organization for business

MONTGOMERY WARD & COMPANY'S new organization setup, which has been worked out since the advent of Sewell L. Avery as chairman of the board, was also announced in March. It is designed to provide sufficient autonomy for the retail and mail-order divisions, which have differing problems, to enable each to operate with maximum smoothness and efficiency in its own field. At the same time central control has been maintained.

The company's facilities will be divided into six regions, each headed by a sales manager having jurisdiction over all retail and mail-order activities in that region. Each region will contain one or two mail-order houses and 80 or more retail stores. The stores in each region will be in turn divided among eight to eleven districts, each containing seven to twelve stores.

It is clear enough that any reorganization to be effective must take account of reduced levels of consumer buying power. The ability of the public to buy has dropped 42.7 per cent since its peak in August, 1929, according to Bradstreet's new index of public purchasing power, published for the first time in the April issue of *Bradstreet's* magazine. The index stood at 64.2 compared with 112.0 in August, 1929, and 76.2 in April, 1931.

These figures give fresh point to the judgment of C. F. Hughes that probably the most important matter before retailers just now is the question of quality versus price. Not a few executives, he says in the *New York Times*, have concluded that, in the scurry to cut down inventories while prices were falling and to hold up volume, too much

(Continued on page 62)

**"EXPERIENCE has shown that government, finance and industry have not had the power to maintain the 1929 level of prices, profits or wages"**

WALTER LIPPMANN

**"FREE competition for greater excellence in quality has done more to create wholesome and balanced conditions than all the business laws that governments have passed"**

HENRY FORD



# The High Cost of Cutting Prices

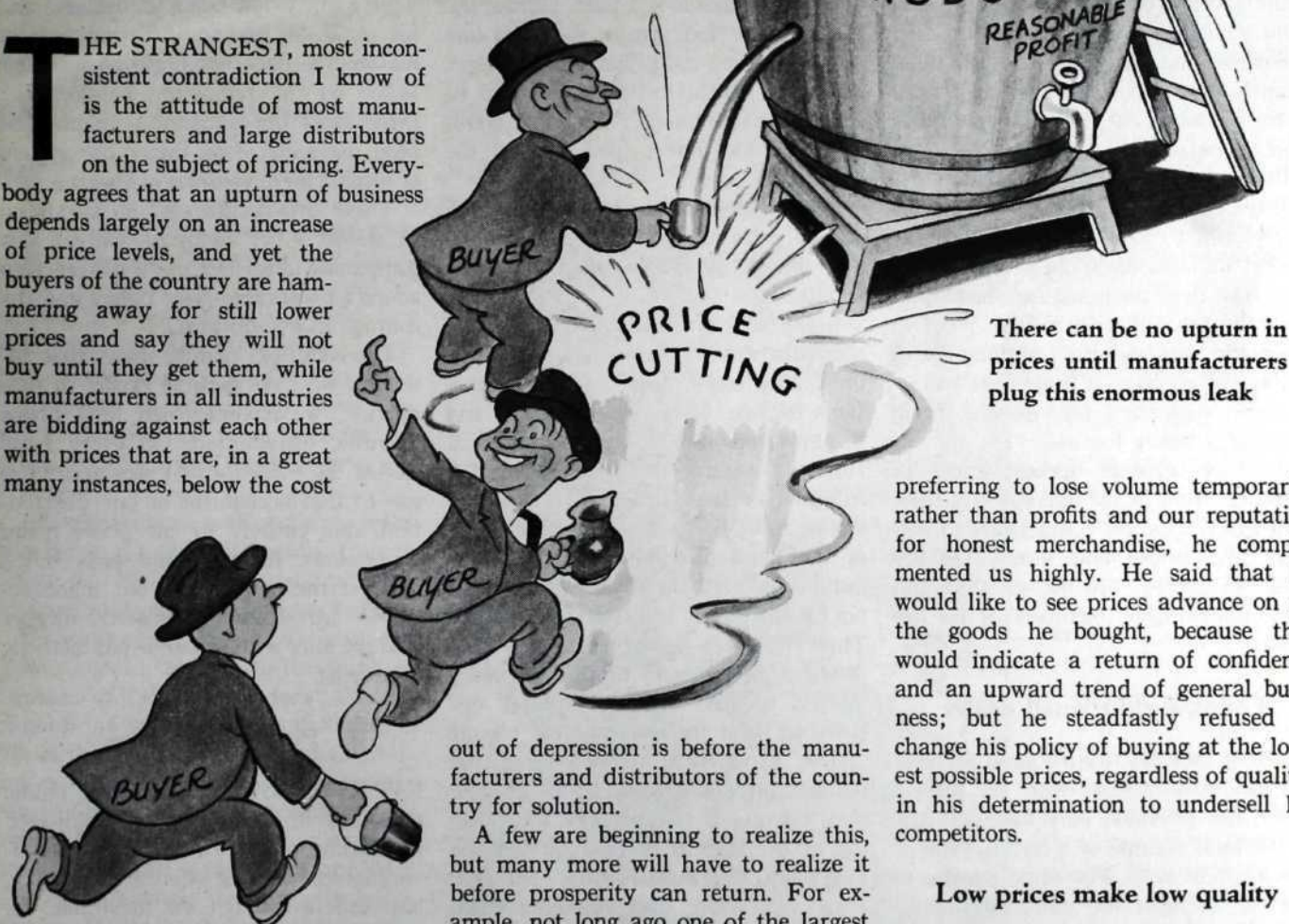
By C. D. GARRETSON

President, Electric Hose & Rubber Company

CARTOON BY CHARLES DUNN

★ "THE job of ending depression rests with the manufacturers and distributors," says Mr. Garretson. He blames them and their desire for volume at the sacrifice of profits for much of the present trouble. He gives you here some examples of price cutting and its results

**T**HE STRANGEST, most inconsistent contradiction I know of is the attitude of most manufacturers and large distributors on the subject of pricing. Everybody agrees that an upturn of business depends largely on an increase of price levels, and yet the buyers of the country are hammering away for still lower prices and say they will not buy until they get them, while manufacturers in all industries are bidding against each other with prices that are, in a great many instances, below the cost



out of depression is before the manufacturers and distributors of the country for solution.

A few are beginning to realize this, but many more will have to realize it before prosperity can return. For example, not long ago one of the largest buyers of our goods in the world refused to place an order with my company because he could buy goods that looked like ours for less money. He has been one of the chief contributors to the ruinously low prices that prevail in our industry; but, although he is beginning to see the light, his thinking has not developed to that degree of logical conviction which impels favorable action.

When we assured him that we had cut neither our prices nor our quality,

There can be no upturn in prices until manufacturers plug this enormous leak

preferring to lose volume temporarily rather than profits and our reputation for honest merchandise, he complimented us highly. He said that he would like to see prices advance on all the goods he bought, because that would indicate a return of confidence and an upward trend of general business; but he steadfastly refused to change his policy of buying at the lowest possible prices, regardless of quality, in his determination to undersell his competitors.

## Low prices make low quality

UNDOUBTEDLY the policy this buyer expressed is sustained by one of the greatest fallacies in all business—the obsolete belief that it is good practice to cut prices below cost to get ahead of competitors. Long ago, we passed the point where further reductions in price encouraged buying. In fact, the deterioration of quality, which is the inevitable result of the demand for lower and lower prices has discouraged the public in buying many products. Every

of production. This condition is the country's greatest source of industrial loss and demoralization.

It is costing all factors of distribution millions of dollars a day, and there can be no upturn in the prices of basic commodities until the manufacturers, who buy the commodities, plug this enormous leak by selling their finished products at a profit. Therefore, as I see it, the vital problem of starting business



day we hear louder and more frequent protests against the poor quality of all kinds of goods.

It appears that almost every buyer is determined to close his eyes to quality, as long as he can induce manufacturers to sell him at a loss. Our manufacturers, forgetful of their own and the public interest, are trying to give the buyers what they want. As a result, losses are piling up all along the line of national distribution.

Four members of my own industry recently provided an excellent illustration of the general policy or lack of policy common today. For several years my company had been selling a certain organization a highly developed industrial hose, which we also sell to a number of manufacturers at a discount which enables them to resell the goods at a profit. Apparently two of our manufacturer customers are not only willing but eager to sell at a loss.

Several months ago, one of these manufacturers took our customer away from us with a cut price. A few weeks later, a competitor acquired the account with a lower price. Then the first sold the customer by further cutting the price, only to lose the account to the second manufacturer on a price basis. Now the first manufacturer has lured back the account with a further cut in price, and, although my company is still selling the goods at a profit, our manufacturer customers are passing them along at a heavy loss.

Another strange inconsistency of manufacturers in all industries is their willingness to allow competitors to dictate their prices and terms. Usually these "dictators" are the smallest and most unintelligent members of the industry.

### Following the small dealer

IN OUR industry, for instance, we have a small manufacturer who, for several years, has provided only four per cent of the total volume of a certain type of specification hose. For some reason, at the beginning of the year, this manufacturer offered the specialty at 20 per cent less than the price generally quoted. At the cut price he lost money.

Another manufacturer, who has provided about 15 per cent of the total volume of this type of goods, three months later met the cut price, and most of the others in the industry followed suit. Soon the special cut price became the general price throughout the country. Since then all of the manufacturers have lost money on the goods.

In this instance, no one has gained

the slightest advantage and thousands of dollars have been thrown away. A recent check-up showed that the small manufacturer who started the campaign had not increased his percentage of volume. The larger manufacturer who first met the cut price was still selling 15 per cent of the total volume, and all of the others were in the same relative position. However, all had lost money.

### Price-cutting on a false basis

THIS sort of thing, I have found, is largely due to a false belief in the necessity of meeting prices to maintain "prestige"; but in the long run it has the opposite effect. I cannot accept the argument that any company can maintain its prestige by selling its goods below cost, depriving its stockholders of their return, and demoralizing the industry of which it is a part. During the last three or four years, the total loss due to meeting cut prices for "prestige" would be beyond belief, if it could be accurately estimated. There is no doubt that this loss has helped prolong the depression.

Any intelligent discussion of the high cost of price cutting must consider the part played by the so-called mass distributors.

Manufacturers who sell the so-called mass distributors claim that they grant the special inside discounts and concessions because of the large volume and the low cost of handling the business. However, a number of independent distributors of tires and garden hose are willing to buy as large quantities as any of the mass distributors, and on the same terms; but the manufacturers will not give them the same discounts. Therefore it is obvious that the mass distributors are able to get the inside merely because they are mass distributors, and for no economic reason.

The experience of one large tire manufacturer will serve as an illustration, because it is typical of the working of the system in many industries. For years, this manufacturer, with national advertising and sound merchandising, conducted a growing and profitable business through thousands of dealers. Then, with the expectation of increasing his volume, the manufacturer sold the goods under a private brand to a so-called mass distributor at a discount which allowed him to undersell the dealers about 35 per cent.

Soon the dealers demanded prices that would meet the competition. So the manufacturer made another line of tires that he sold to the dealers so that they could meet the resale prices of the mass

distributor. These goods were of inferior quality, but they served the purpose for a time. After a while, the mass distributor demanded a price on the second grade that would undersell the dealers. The manufacturer again put the dealers' tires out under the mass distributor's private brand, and at a special inside discount.

This merry-go-round was repeated again, but without eliminating the demands of either the distributor or the dealers for very long. Then competing manufacturers made a cut on all grades, and the original manufacturer promptly met the reduction and reduced his prices further in his determination to maintain his "prestige" by being the low man.

For several years this manufacturer, I believe, has lost money on every tire he has sold, with the exception of the high quality line sold to dealers, and his profit on perhaps fifty per cent of his volume does not begin to meet his losses on the remaining volume. For three years the company's volume has been declining, even under the system of forcing large volumes of cheap goods.

These experiences can be paralleled in almost every industry. Only a few companies have had the intelligence to adopt an equitable price policy and the courage to live up to it.

The condition plainly shows that, although we have become expert in production, we have learned little about scientific distribution. On every hand we see the evidence of losses and damage to the mechanism of our distribution, due entirely to cut prices, price concessions, subsidies and price doles, and yet the majority of our manufacturers are digging themselves deeper into the mire with the same old methods of pricing.

### Public pays twice

EVENTUALLY, of course, the public must pay in higher prices and lowered purchasing power for the apparent advantages now being offered. The public also suffers through the inevitable deterioration of quality, and the excessive prices that must be paid for some goods to meet the losses on others.

Regardless of the viewpoint, loss of money and demoralization and depression for the manufacturer, wholesaler, retailer and the public, begin to build up when prices are cut to gain volume. I am convinced that our first step in rehabilitating our industries must be the general recognition of a few simple facts about the fundamental economics of distribution.



# Confessions of a Capitalist

ILLUSTRATIONS BY EARLE B. WINSLOW

★ THE articles of which this is the fifth and last were written by Sir Ernest J. P. Benn, British industrialist, who brought out a book under the same title some years ago. We withheld the author's name until now because we felt that our readers might consider his observations applicable only to Great Britain. We learn from those who hazarded a guess as to the author that his experiences have been duplicated a thousand times in the United States

## PART V · Whom Do I Rob?

THE BENEFITS of popular education are only now being felt. We are still experimenting with education, and it is well to remember that the presence of millions of people on the earth who can read and write and think is an experience denied to previous generations.

This may be one of the reasons why we are seeking new ways of living, all of them untried and most of them unworkable.

A world that can read and write looks back upon the old and sees in it much cause for complaint. It sets to work with enthusiasm, to put things right.

If the effort put into the study of new ideas could be diverted to the study of the basis of the present order so that we might be as thoroughly acquainted with the workings of what is called Capitalism as we are with the theoretical workings of some of the new systems, we should acquire a proficiency in economic matters which is sadly lacking.

The great single question which has always faced the human race is the problem of the poor man. Our method of approaching that problem today does little credit to our intelligence. We see on the one hand a man who is poor, and on the other one who is rich, and we at once conclude that the two phenomena are related, and that the solution of the poor man's difficulties is to be found in the spoliation of the rich. We are helped toward that solution by a combination of the natural human instincts of pity and envy. A

little more thought, and a more genuine desire to get down to the real truth, might bring us to the view that the poor man's salvation is to be found in some



State work tends to be done at an uneconomic price because there is no real test of service

scheme which would enable him to follow in the steps of the rich, and which would thus offer a prospect of riches for all, instead of what appears to be the only prospect held out by the other alternative—poverty for all.

The Italian economist and mathematician, Vilfredo Pareto, stands out among the more distinguished of those who have attempted serious work along these lines. Pareto wrote much during the latter part of the last century and left behind him a law as to the distribution of wealth:

1. In all countries and at all times the distribution of income is such that the upper ranges of the income-frequency-distribution curve may be described as follows: If the logarithms of income sizes be

charted on a horizontal scale and the logarithms of the numbers of persons having an income of a particular size or over be charted on a vertical scale, then the resulting observational points will lie approximately along a straight line.

2. In all countries and at all recent times the slope of this straight line fitted to the cumulative distribution (that is the constant  $m$  in the equation  $y = bx^m$ ) will be approximately 1.5.

## Go up together

PUT into the simplest terms, Pareto's Law, if true, would prove that there must be degrees of wealth; that we must go up in stages and that we all go up and down together; that economic equality is impossible and that, to raise the lower grades, we must also raise the higher; or that in damaging the higher grades we cannot avoid corresponding damage to the lower. If Pareto has come anywhere near the truth he disposes at once of any



economic system based on Socialism.

Now, although Pareto's Law is admittedly imperfect, its critics have centered their discussion on the slope of the straight line and the figure, 1.5. They have shown that this should sometimes be 1.3 or even 1.6. A still more complicated and technical discussion has ranged around the ends of the line. Nobody seems able to say what really happens to the very, very big and very, very small incomes.

For these reasons Pareto is at a discount among the higher mathematicians. But, if it is a fact that the income runs as he says it does, the exact angle appears to be a detail which, for the purpose of general discussion, can be safely ignored. Let us examine the possibility or impossibility of equality.

Forgetting economics, let us take a simple example. Imagine the sand in an hour glass. As the particles run through and are added to the pile, the heap assumes a conical formation, being widest at the base and having at its apex a single grain of sand. Its height

at the top, it will be necessary to add to the heap as a whole no less than 5,250 grains; 102 on the bottom layer, 101 on the second layer from the bottom; 100 on the third layer; 52 on the fifty-first layer; 27 on the seventy-sixth; four on the ninety-ninth, and finally our ambitious grain will take its place at the top. The absence of a single grain at any stage will bring the topmost grain out of position.

That the heap of sand is a good analogy seems to be demonstrated by the test of my own business. Many a small newspaper is produced by a proprietor-editor-manager with the assistance of an office boy and a bookkeeper. The heap in that case takes the form:

Proprietor-editor-manager  
Office boy                      Bookkeeper

As the enterprise develops, the heap grows; and forms up somewhat as follows:

Proprietor                      Business Manager  
Editor                      Salesman  
Reporter   Office boy   Bookkeeper

When the little paper becomes a big

do than the man who produces his paper with the assistance of an office boy and bookkeeper and ought, therefore, to have a good deal more of this world's goods. But it appears that he can only attain such a position on condition that he makes and maintains numbers of other positions grading naturally down the scale.

Large numbers of people believe that by taxation and legislation it is possible to approach equality of wealth; still larger numbers hold that by these means inequalities can be graded less steeply, while all hold that the burden should be regulated according to ability to bear.

Pareto would seem to say that these ideas are more attractive than workable. If the increase of the wealth of the millionaires by ten per cent would mean a corresponding increase in the wealth of all of us, and is indeed a necessary scientific condition of our obtaining that improvement, then the sooner we know about it the better.

### Rich men as cure for poverty

TO advocate an increase of millionaires as a cure for social ills sounds a little out of tune with modern political thought, but, having regard to the failures of the immediate past, the idea is surely worth investigating. I am not concerned about the millionaires, but I do want more of this world's goods for the rank and file. If Pareto is right, we must have both or neither. If there is anything at all in my sand-heap theory it would seem that a good many thousands of millions must be distributed among us by anyone who succeeds in himself becoming a millionaire.

Guy Morrison Walker, in an interesting book called "The Things that are Caesar's," has a good deal to say on this subject:

Take the record of the life of James J. Hill, who constructed thousands of miles of railroad and opened up millions of acres of land that were formerly wild and inaccessible; who bettered the conditions and raised the wages of hundreds of thousands of men and women by the opportunities for work that he created. Look at the cities whose creation and growth he inspired, and the wealth and prosperity of a half-dozen states which his vision conceived and which his work made possible.

The foresight and courage of Commodore Vanderbilt in the organization and consolidation of the original scraps of road and in the construction of the missing links that created the New York Central and Hudson River system were what determined the leadership and preeminence of the State of New York in population and wealth in our country. Every man who is proud of the fact that the Empire State is the first state of our Union in population and wealth



Many a small newspaper is produced by a proprietor-editor-manager with the assistance of an office boy and a bookkeeper

is roughly equal to the diameter of its base, and the largest number of grains is at the base.

Let us say that the heap has reached 100 grains high and that there arrives another grain which desires to place itself on the very top of the heap. The heap will thus become 101 grains high but, for that ambitious grain to remain

one, an enormous heap emerges, with a managing editor, city editor, telegraph editor, sports editor, foreman, business manager, circulation manager, with corresponding grades of managers and assistants and, further down the scale, large armies of subordinates. The proprietor perched at the head of such an organization will have much more to



# Look ahead to the time when the speedometer will read 50,000 miles



What will your trucks cost you for fuel and maintenance after 50,000 miles? What will they look like? How will your drivers feel about them? *Will your trucks last that long?* When your equipment consists of Chevrolets, you *know* that the answers to these important questions will be favorable, for Chevrolet six-cylinder trucks are designed as much for endurance as for speed, power and economy. The Chevrolet engine is a special truck-type unit developing high speed and great power at a low r.p.m. Six-cylinder valve-in-head design, counter-balanced crankshaft, and harmonic balancer eliminate destructive vibration on all parts of the truck. In the chassis, the frame, springs, clutch, transmission, and rear axle assembly are larger and heavier. The extra-large Chevrolet-built bodies are solidly built of the best materials. And the new Chevrolet cab keeps the driver comfortable at all times.

Because it pays to look ahead 50,000 miles, it pays to investigate Chevrolet's complete line of sturdy six-cylinder trucks—selling, for all their greater efficiency, economy and durability, at new low prices among the very lowest in the market.

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Passenger cars priced as low as . . . . . **\$445**  
Truck chassis priced as low as . . . . . **\$345**  
½-ton models with bodies priced as low as . . **\$460**  
1½-ton models with bodies priced as low as . **\$670**

*All prices f. o. b. Flint, Mich. Low delivered prices and easy G. M. A. C. terms.*

## CHEVROLET

### SIX-CYLINDER PASSENGER CARS AND TRUCKS



NEVER PARCHED OR TOASTED

# Switch to Camels

*then leave them—if you can*

**I**F YOU want to know the difference between a truly fresh cigarette and one that is parched or toasted, light a Camel.

As you draw in that cool, fragrant smoke notice how smooth and friendly it is to your throat. Not a hint of sting or bite. Not a trace of burn.

That is because Camels are blended from choice Turkish and mild, sun-ripened Domestic tobaccos, and are made with just the right amount of natural moisture and kept that way until delivered to

the smoker by the Camel Humidor Pack.

Camels are never parched or toasted.

That's why Camels bring you so much unalloyed enjoyment. That's why they are so much milder; why they leave no cigaretty after-taste.

If you haven't tried Camels lately, get a package today and see for yourself what you are missing.

Switch over to Camels. Then leave them—if you can.

R. J. REYNOLDS TOBACCO COMPANY, Winston-Salem, N. C.

# CAMELS

**Made FRESH—Kept FRESH**

• Don't remove the Camel Humidor Pack—it is protection against perfume and powder odors, dust and germs. Buy Camels by the carton for home or office. The Humidor Pack keeps Camels fresh.



owes a debt of gratitude to old Commodore Vanderbilt. The paltry millions that fell to him were an infinitesimal part of the total wealth that his work gave to this State and its people.

... can anyone estimate the value of the services rendered to society and to the world by Mr. Rockefeller, who, by making safe and cheap the use of petroleum and by building up an economical system of distribution, has spread the use of illuminants throughout the world, banished ignorance and superstition, and done more to make possible reading and study, and the spread of education and culture, than all the men who lived before his time? Who can measure the value of the services to mankind of Thomas Edison, or of Philip D. Armour, who, by the development of refrigeration and cold storage, has brought within the reach of the poorest a quality of meat that was not only out of reach of the richest but was absolutely unknown until he introduced his methods into the packing house business?

If we could agree that we must all go up or down together; if it could be shown that it is impossible for anyone of us to go up or down without bringing the rest up or down with us, economic discussion would be simplified.

If it should be a fact that society cannot exist except it be graded, then the discussion reduces itself to the question:

How best is this grading process to be performed; how best can the lower grades be arranged, so that each of us may fall naturally into the position in which he can function to the greatest advantage of himself and the rest?

### Capitalists under judgment

HITHERTO we have relied upon the process which may be described as the money test, the competitive system or Capitalism. That is only another way of saying that each of us has been subjected to the test of the opinion of our fellows. Under Capitalism every act we perform is tested by the judgment of those whom it affects. Is there a better way than this?

Although the agitator does not generally inform his audience of the fact, it is not unusual for men in my position to think seriously on these questions and inquire how far, if at all, it would be possible to effect a more equal distribution of income. What good would arise if that could be done and what damage or loss would be incurred to balance the good?

"Whom do I rob?" is a question I often ask myself. Could my income be better employed? Could it be more evenly distributed? Could the people who work for me have it? Could it be spread over my customers? And, last, could my contribution, whatever it may

be, to the general well-being be made without making my income?

The most careful analysis of my own position drives me to the conclusion that only one of two things can happen in my case. I can, through political action, be destroyed, wiped out, and shut up. I admit that there is a great deal to be said in favor of this course. But it is equally certain that I cannot be replaced, that no agency other than the individual can ever do my work, and that all the activities for which I am responsible must cease if I and my class are abolished and incomes such as mine are not allowed.

### Richer men; more salaries

THE alternative, therefore, is to leave me with a freer hand to provide more wages and employment than I now do.

My position may be stated in simple terms. Income, \$50,000, derived from a turnover of \$2,000,000. Of this turnover I pay to workers and to others \$1,950,000 and retain for my trouble the \$50,000 which is the cause of all this discussion. I take 2.5 per cent. To be fair and exact, it should be pointed out that I really take 1.25 per cent for my personal use, and another 1.25 per cent for the Chancellor of the Exchequer. It may be said, therefore, that I charge 12.5 cents for handling five dollars.

In these days, when politics is so concerned with the provision of the thing called "work," I am providing work at a cost to the wage-earner of 2.5 per cent. I distribute wages on a far lower expense ratio than Old Age Pensions are distributed. Unemployed pay costs much more to hand out over the counter of the Labor Exchange than I charge for handing out wages.

I should plead guilty were I charged with damaging the community by earning far too little money and being in fact a price-cutter.

My second inquiry was whether my income could be more evenly divided. It seems, on the surface, obvious that this could be done, and that it would be good if it should be done. To take an extreme case. I receive \$1,000 a week, and one of my office boys gets six dollars a week, out of which he has to help a widowed mother. Surely no damage could be done if I decided that my office boy should have \$50 a week and that I should manage to struggle along with the \$955 left to me? But such a superficial proposition needs to be examined rather more carefully.

It will be noticed that in taking 2.5 per cent from my wage-earners as I do, I am taking 15 cents a week from

this particular office boy for the service I render by being the instrument through which he obtains his six dollars a week. Put the other way round, if the office boy is really pulling his weight, he is providing me with 15 cents a week. The other \$999.85 of my income belongs, if it does not belong to me, to all the colleagues of the office boy in proportions calculated at the rate of 2.5 per cent of their individual wages.

It will be noticed, therefore, that if I only give this office boy another 15 cents I hand over to him my share of the business in which he and I are jointly engaged. If I give him 30 cents I hand over to him the share of some other office boy as well as his own.

The inquiry as to whether the worker could have my income, would thus seem to be disposed of. It is suggested that, in the ideal state, the workers will employ the capitalist instead of the capitalist employing the workers. I venture, however, that if my 2.5 per cent were the rule, as it undoubtedly is the average, it is impossible that wages could be obtained in any society, or under any system, at a lower cost.

This brings us to the next question, Could my income be given to my customers? Could it be applied to the reduction of the price of the commodity which I sell? If the whole of it were so given there would, of course, be nothing for the workers to argue about, and there would be no revenue for the Chancellor of the Exchequer. On this question I need not go into the detail that I have devoted to the subject of the workers. Much as I love my customers I am not prepared to hand on to them the material I produce at a lower commission than I now charge. As a matter of fact, I am working for my customers on a dangerously low scale of remuneration.

### Simpler world is possible

THERE is another way of looking at all this. Is it for the good of the human race as a whole that I should be allowed to carry on at all my particular kind of business?

Of course, the world could get along without the volumes which I publish. Similarly the world could exist without tobacco; it would probably be better if there were no automobiles; it is conceivable that human life might be tolerable without radio. This line of argument leads us to the reasonable conclusion that the world could do very well without me and without nine-tenths of its population. We could run this earth on one-tenth of our numbers,





# IRON FIREMAN

USERS ARE CUTTING A

**\$7,000,000**

**MELON**

*this year!*



Iron Fireman results are proved in thousands of boiler rooms throughout the world!

## Are you throwing away your slice?

● HAND FIRED COAL, oil, gas, or central heating all deliver you so many heat units per dollar. *How many?* In a remarkable percentage of boiler rooms it is found that Iron Fireman delivers *many more* heat units for the same money, or the same amount for *much less money*. How much less? That's a specific question. It requires a specific answer. That answer is yours, free of cost.

### No Guesswork...Verify!

THERE IS AN authorized Iron Fireman heating engineer near you. Ask him to survey your firing job and give you the facts. If you are already buying heat units economically, the survey will show it. If you can save 15 to 50 per cent of your fuel bill and get the most uniform and dependable firing, automatically controlled, you want to know that, too. Savings of  $\frac{1}{3}$  are average. They now total more than \$7,000,000 a year! Mark this coupon—hand it to your secretary to mail and get the survey. A minute does it.

Iron Fireman Manufacturing Company, Portland, Oregon; Cleveland, Ohio; Toronto, Canada. Dealers everywhere.

## IRON FIREMAN

*Automatic Coal Burner*

The machine that made coal an automatic fuel

IRON FIREMAN MFG. CO.,  
3170 W. 106th Street., Cleveland, Ohio.

- ☐ Send Literature.  
☐ I request a survey of my heating plant.  
☐ Residence ☐ Industrial.

Name.....

Address.....NB4

When writing please mention Nation's Business

with the simplest forms of food and shelter.

If, on the other hand, it is desirable that we should multiply, that we should keep ourselves occupied, that we should develop our minds, then we must recognize that such enterprises as mine are the only ways of achieving those ends.

The industrial ideal which embodies prosperity of this kind is composed of four elements which are always found in combination, and which cannot long exist one without the other. They are:

1. High Production
2. High Wages
3. High Profits
4. Low Prices.

There is no case of real industrial success in which any one of these elements was lacking, and any attempt to deny the utility of any one of them or to obtain any one of them without reference to the other three always leads to disaster.

In speaking of an income of \$50,000 a year, I feel guilty of deception. The reader with \$2,500 a year naturally imagines me to have 20 times his income.

### Large income is deceptive

HUMAN experience is to a large extent disillusionment. We discover at the end of a successful endeavor to obtain a coveted prize that our ideas as to its quality or value have to be much modified.

This \$50,000 is the amount figuring against my name in the national accounts. It is duly recorded as part of the nation's income. But it is in no real sense my income. I estimate that I am now in the position, so far as purchasing power is concerned, that I should have been in in 1914 with an income of \$15,000 a year.

The injustice of stigmatizing me with a \$50,000 income is the more cruel because a large proportion of this money never comes into my hands at all. By the process of taxation at the source, the person in my position receives \$3.60 and is required to call it five dollars. He is also required to pay further taxation upon this fictitious sum. Almost half my income goes in direct taxation.

I have, as we all have, to suffer the effect on prices traceable to taxation. Although I admit there is room here for complicated and difficult argument, I put the cost to me of local and indirect taxation at another \$10,000, thus bringing my real position down to the more modest qualification of a \$15,000 man. For present purposes it is sufficient to state that I bring home and spend far

less than I actually pay to the Chancellor of the Exchequer.

Public expenditure must, from its nature, be wasteful. State work tends to be done at an uneconomic price. This difficulty does not arise from greed or avarice or dishonesty among public servants. The trouble arises from the fact that in public work there is no real test of service. If private work is bad, private persons decline to have it. The test of competition is absent in dealings with a public body.

### Taxes fall unevenly

A GREAT deal might be written about the injustice of taxation; the unevenness of the burden; the way in which it presses heavily in some quarters and lightly in others. But there is really little in this kind of squealing. Taxation, like any other public action, must be inefficient, unjust, and uneven.

I am convinced that the taxing machine is the most efficient thing we possess. The troubles of which I complain are due to the difficult nature of its work. Great Britain has attained a standard of honesty and proficiency in taxation which is equalled in no other country. No Englishman can gain any credit from his fellows by reason of defalcations in the payment of taxes.

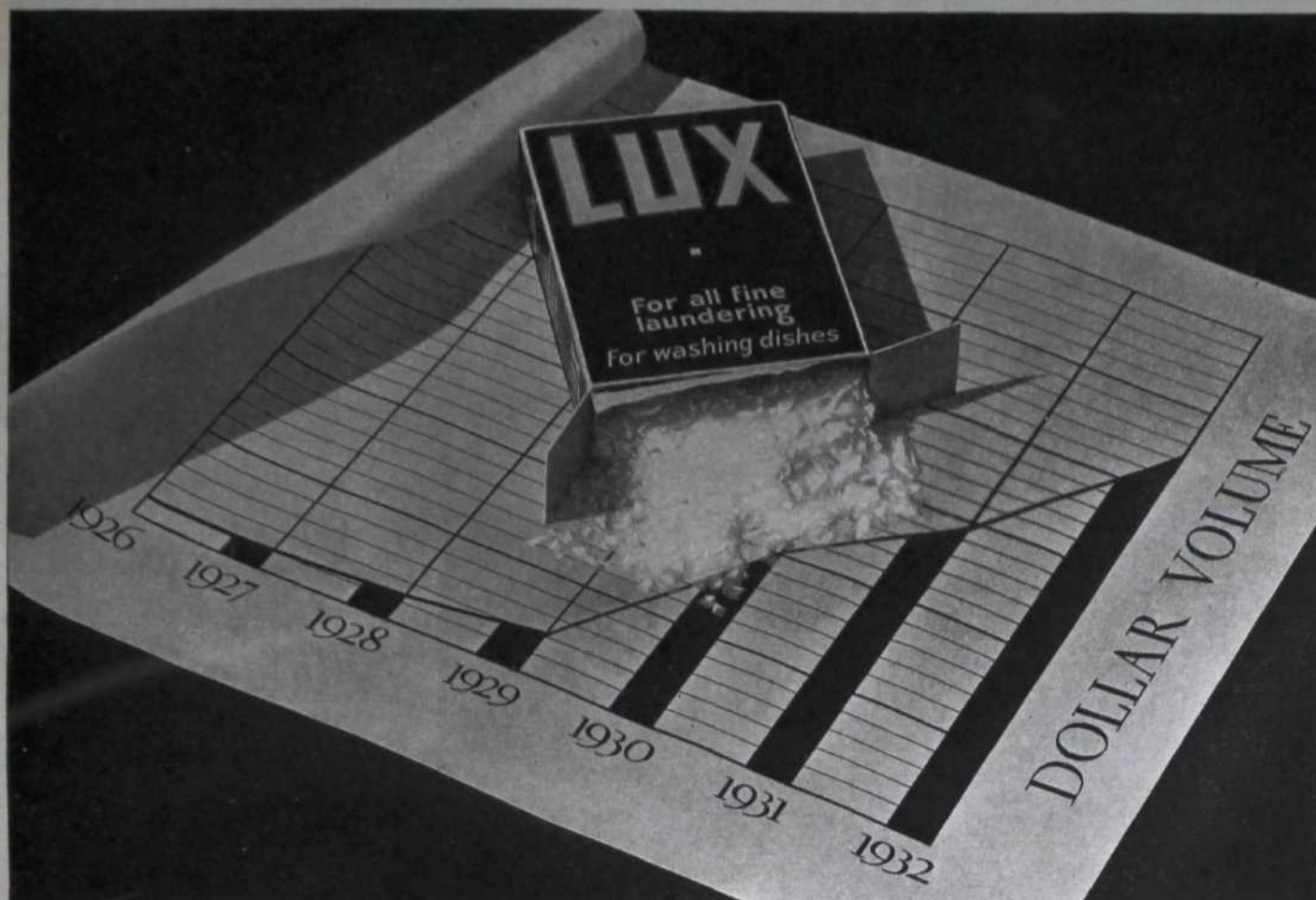
But the present high rates and the oppressive methods they necessitate are encouraging the habit of legal tax evasion in a way that will cost us dearly in the future.

Perhaps the gravest aspect of our present taxation position is the discouragement which high rates and oppressive regulations offer to new enterprises. They kill initiative.

Whoever pays the taxes, however, there is another way of looking at the matter. The taxes are spent for the benefit of all. Even if it were possible to collect them at the expense of a minority, it is not possible to spend them for the benefit of a minority. The Government has never sanctioned the expenditure of a single penny unless that expenditure was in the national interest. It follows that it is proper to consider the income of the State as the income of its citizens and to give credit to each citizen for an equal share of the State's expenditure.

Now the Treasury and the local authorities are responsible for the expenditure of \$15 *per week per family*, taking the average family as a man and wife and three children. If this money is really spent in the interests of the nation every father of a family receives his share of the benefits of this expendi-





# CONFIDENCE measured in dollars and cents!

## PNEUMATIC MACHINES

Carton Feeders—Bottom Sealers  
—Lining Machines—Weighing  
Machines (Net and Gross)—Top  
Sealers—Wrapping Machines  
(Tight and Wax)—Capping Ma-  
chines—Labeling Machines—  
Vacuum Filling Machines (for  
liquids or semi-liquids)—Auto-  
matic Capping Machines—Auto-  
matic Cap Feeding Machines—  
Tea Ball Machines

If Mr. and Mrs. Consumer will repeatedly spend their good money to buy your product, that is the strongest possible proof of its worth.

The millions of dollars invested in Pneumatic Machines, by America's manufacturers of packaged goods, is the most powerful endorsement any packaging system could offer you.

Lever Brothers are a typical example. In 1909, they bought their first Pneumatic Machine . . . Since that time they have bought many more. Their satisfaction with Pneumatic Machines has grown with time and experience. A chart of their purchases of Pneumatic packaging machinery shows an increase in dollar volume each succeeding year from 1926 to 1931. A steadily-rising curve of confidence, measured in dollars and cents!

Analysis of other companies, in every type of packaging industry, discloses a similar story. These millions of dollars invested in Pneumatic Machines, by hundreds of manufacturers, stand as the greatest possible security that the money you spend for packaging equipment will be most wisely spent on Pneumatic Machines.

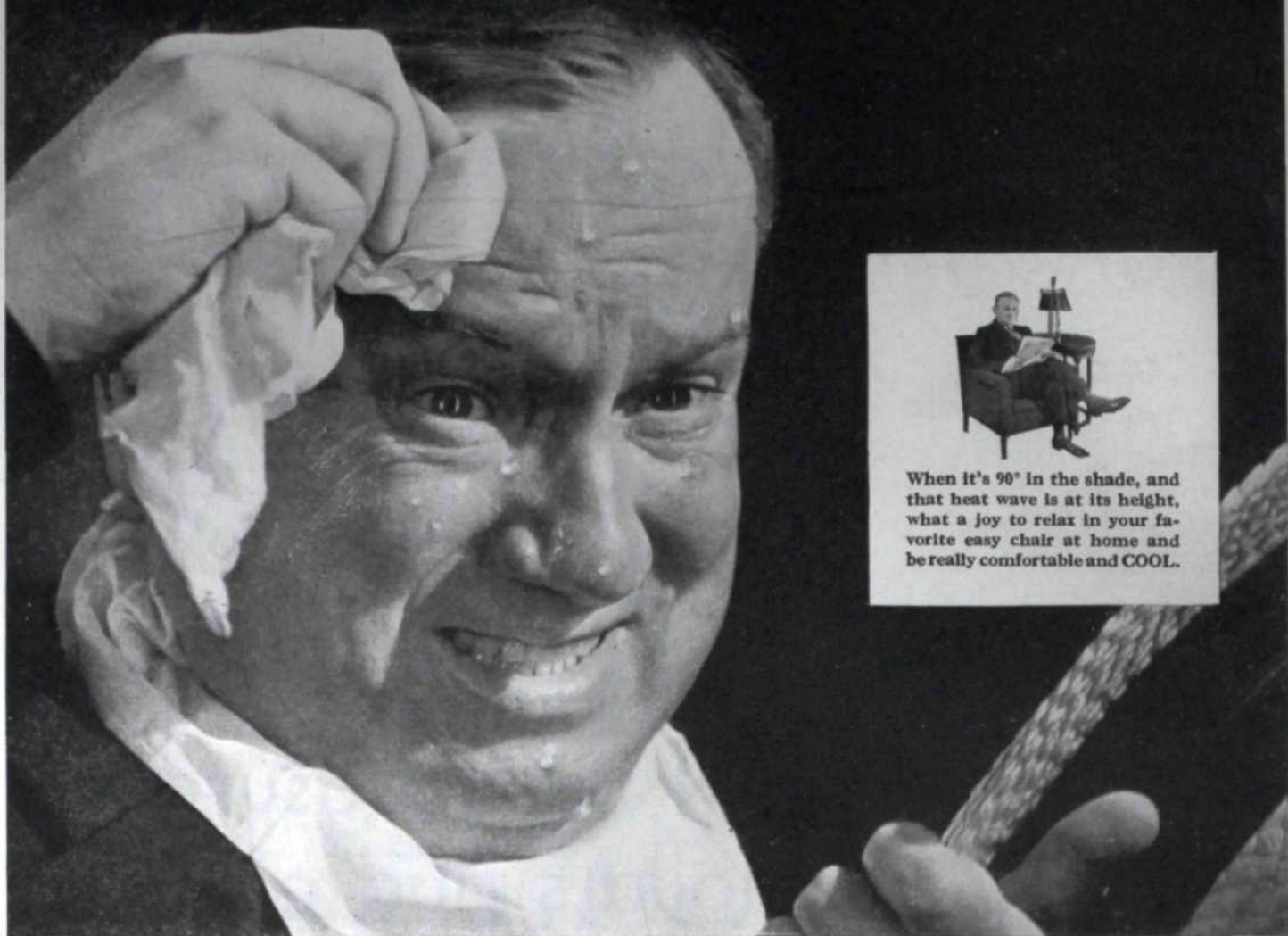
## PNEUMATIC SCALE PACKAGING MACHINERY

PNEUMATIC SCALE CORPORATION, LTD., 67 NEWPORT AVENUE  
NORFOLK DOWNS (QUINCY), MASS.

Branch Offices in New York, 117 Liberty Street; Chicago, 360 North Michigan Avenue;  
San Francisco, 320 Market Street; Melbourne, Victoria; Sydney, N. S. W., and Trafalgar  
House, No. 9 Whitehall, London, England



# Fair and Warmer—



When it's 90° in the shade, and that heat wave is at its height, what a joy to relax in your favorite easy chair at home and be really comfortable and COOL.

## Fuel Savings, too— from 35% to 50%

"My house heating plant was reduced by nearly 50% in size."

LORING L. MARSHALL, *Boston, Mass.*

"The two large third floor rooms are now as warm as toast."

FRANK R. HUBACHEK, *Glencoe, Ill.*

"I have noticed a saving of 50% over November of last year."

GORDON KENNEDY, *Washington, D. C.*

"I have already saved about 35% of my previous oil bills."

PAUL FERNALD, *Chicago, Ill.*

"We have received more solid comfort and satisfaction from J-M Home Insulation than any investment we have ever made."

MRS. H. B. KINNARD, *Des Moines, Iowa.*

## Cool Weather... blown through a hose



Practically all houses have hollow walls. Circulation of air *within* these walls chills the house in winter, heats it in summer. Comfort is lost, fuel wasted. Uninsulated roofs or attic floors are equally to blame. Heat or cold readily penetrates through.

Yet the 4- to 6-inch air spaces within the walls, within the attic floor—the real cause of heat and cold trouble—are easy of access. Why not fill them up? Completely—with a thick, solid, really efficient insulation?

That's exactly what Johns-Manville does in a few hours. Rock Wool insulation is blown through a hose as pictured here—into all the empty, leaky spaces in your house. *Here is the only really effective barrier against heat and cold.*

When writing to JOHNS-MANVILLE



*says the weather man*

# Fair and Cooler— *says Johns-Manville*

Your home can now be 8° to 15° cooler in the summer, warmer in the winter—with a radical cut in fuel bills—by means of J-M Triple Thick Home Insulation

DES MOINES, IA., July 14, 1931. 90° in the shade. Tar melting in the streets, trees scorching in the sun, homes like bake ovens. "Still hotter tomorrow," sadly reports the weather man.

—"but Mrs. Hadley and I were surprised to find that even the third floor of our house was decidedly cool," writes B. F. Hadley, of the same city, to Johns-Manville.

—"heretofore our upstairs rooms have been unbearable . . . now they are remarkably comfortable," announces Wm. D. Kyser, Memphis, Tenn., while Memphis sweltered.

—"by actual test, the temperature was from 18° to 20° lower inside our house than outside in the shade," confesses John C. Mundt, Sioux Falls, South Dakota.

*What's this!* Has Johns-Manville gone into conflict with the weather man? Can J-M dare a "Fair and Cooler" when his most reliable instruments say "Fair and Warmer—continued warm"? Who's "running" the weather these days, anyway?

Johns-Manville, as far as you are concerned—as far as the comfort of your home is concerned. And that's that. The weather man has no redress.

It's here—installed and proved in thousands of homes during the last 4 years. Perfected by Johns-Manville as a result of pioneer work in efficiently insulating great industrial plants.

—A new method of making houses practically heat-proof and cold-proof, a method that is creating a sensation wherever it is tried.

## What is it?

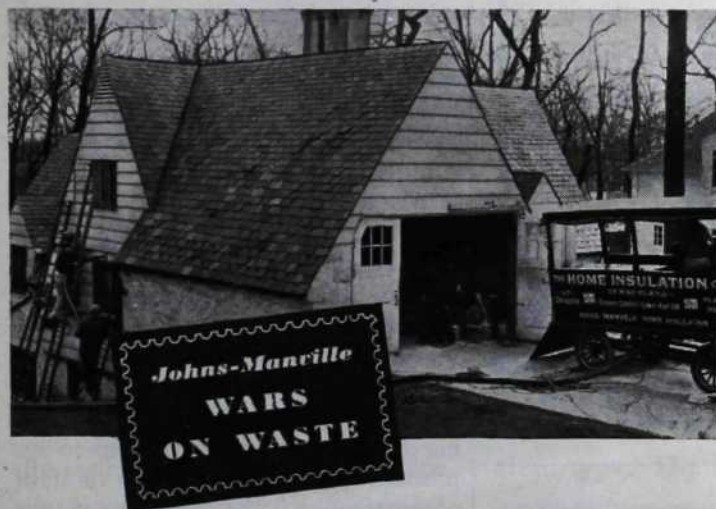
This new method is J-M triple thick Home Insulation. Here is a unique process of blowing—by means of a pneumatically operated hose—long, fine, fleecy fibres of rock "wool" into all the empty

spaces of your home—the outside walls, in and on the attic floors, under the roof. Unlike other methods, J-M Home Insulation completely fills up these empty spaces, gives you a thick, well-packed, 4- to 6-inch protective "wool blanket" around and over all your rooms.

## What does it do?

J-M Home Insulation makes your home from 8° to 15° cooler in hot weather. Stifling sleeping rooms, third floor rooms, living rooms—rooms that would otherwise be hot and stuffy, become refreshingly cool and comfortable. But this is only one advantage. J-M Home Insulation reduces fuel bills in the winter—as much as 50%, on an average of 35%. It also lessens the fire hazard. J-M Rock Wool will not burn.

If you are interested in further details, read all of this advertisement carefully. It tells you the things you want to know. Then drop a line to Johns-Manville, 292 Madison Ave., New York City. Suggest that the nearest Home Insulation Contractor call to see you. He has only two things to sell. COMFORT—and ECONOMY.



*Done in a "jiffy" . . .  
without fuss or bother*

The J-M Home Insulation truck drives up. From this truck the hose is run to your house. J-M Rock Wool is blown dry directly from bags in the truck to the air spaces within the walls of the house. That is all there is to the job. No fuss or bother. A day or two and it is finished. And the entire job is done outside the house. Nothing within is disturbed. The hose method does away with litter and bother of any kind. Delicate shrubbery is not marred. Lawns are scrupulously guarded. Only skilled men do the work.

# Johns-Manville



Controls  
HEAT, COLD, SOUND, MOTION  
Protects against  
FIRE AND WEATHER



## Business Executives well secured by Life Insurance can cut out worry as to Personal affairs.

**N**ever has the use of life insurance as a means of protection, savings and investment, had a stronger appeal than at the present moment.

In this economic situation the certainty of life insurance in its investment features stands out in high relief. People realize more than ever how necessary such insurance is as a foundation on which to build personal, family and business security.

They know that in case of necessity the cash values of their life insurance are immediately available to tide them over difficulties when accommodation is needed.

Then, too, it has become widely known that no matter how few premiums have been paid, the dependents have been made safe, for they will receive the full amount if the policy is in force at death.

Of equal moment is the fact that the public has been educated to realize that life insurance can provide for the insured's own later years and that he can arrange to enjoy its benefits, either in cash or as a monthly income for life.



A mutual company, more than 69 years in business, returning annual dividends. Paid policyholders in 1931 over 87 millions of dollars. Assets \$621,278,133; reserves and all other liabilities \$577,452,317; general safety fund \$43,825,816. Complete life insurance service for financial and family protection. All forms of annuities; also group life, group accident and sickness.

JOHN HANCOCK INQUIRY BUREAU, 197 Clarendon Street, Boston, Massachusetts  
Please send me your booklet, "Your Family, Their Future and Yours."

Name.....

Street and No.....

City..... State.....

N. B. 7-32

ture. It would be useful if we were, as a public, to concentrate our attention upon this expenditure and the benefits which we receive, ignoring for the moment the more complicated argument as to who really pays. I would, if I had my way, take steps to bring home to every father of a family the real nature of the benefits he receives from all this public money. It would, I think, do much to develop a real sense of citizenship and a degree of personal responsibility in these matters, which is absent as long as we go on thinking of public expenditure as paid by the rich. When I receive a dividend, an explanatory note is attached which sets out the gross amount of the dividend, the amount of taxation, and explains why I receive a smaller sum than my investment has actually earned. I am thus constantly reminded of the "benefits" which I receive as a citizen through government activities. I propose a similar plan in the payment of wages. I would print a pay envelope something like this:

Wages . . . . .	\$27.50
Stopped by the Exchequer . . .	15.00
Balance	\$12.50

The laboring man Saturday by Saturday would thus have his attention called to the fact that, in addition to the \$12.50 he took home to his wife, he was receiving from the officials appointed to look after his needs the equivalent of another \$15 thus making his total income \$27.50. Such a plan could not fail to stir a public interest in this question rather more intelligent than it can at present claim to be.

In concluding, I desire to repudiate once again any intention of attacking the officials whose duty it is to administer the nation's finances. The trouble is not with the men who work the taxes; it is in the unworkable nature of the machine. Like all big things, it must be clumsy and inefficient.

We have a bad way, we Anglo-Saxons, of attributing our troubles to causes beyond our control. We are invited to believe that our unemployment, our bad trade, our low standard of living, are the direct outcome of conditions in other parts of the world. My suggestion is that a further understanding of these matters may lead us to appreciate that the main cause of most of our troubles is the modern mania for invoking public action, for taking money which would be productive in private hands, and rendering it sterile and useless in the hand of the state.

(This is the fifth and last of a series of articles by Sir Ernest.)

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### NATION'S BUSINESS

A LIMITED NUMBER of back copies containing articles that you may want to put into the hands of your customers, friends or employees can be obtained at low cost. Write to:

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**WATER STARVED!** Listless . . . pepleless . . . inefficient, she's behind in her work again! Employees get that way from not drinking enough water. Authorities say: "It is not enough to supply good water . . . it must be properly temperatured . . . otherwise, people do not drink enough of it."

# Listless WORKERS ON YOUR PAYROLL?

*Don't overlook this simple way to increase the efficiency of your staff*

What, more than anything, causes the inefficiency of office workers? Surveys have determined the reason. Office workers do not drink enough water. In many instances, bubblers or coolers are not convenient. In others, warm water or water that is too cold utterly discourages drinking. Correct these conditions in your office and the improved morale of your employees will certainly surprise you.

Good water is good business. Frigidaire has proved that for hundreds of business firms. Better office health has been promoted. Greater efficiency has been effected. Indeed;

from this angle alone Frigidaire is a profitable, dividend-paying investment. In addition, Frigidaire reduces water-cooling expense . . . eliminates all the untidiness and "mussy servicing" required with old-fashioned methods.

And the new Frigidaire water coolers have been completely re-styled. Gracefully designed and finished in a neutral shade of Duco, the new cabinet models add to the appearance of any office. The cooling coil is an improved, more efficient type. The incredibly quiet mechanism is provided with EXTRA POWER, insuring a surplus of



● **NEW CONVENIENCE!** All models for cooling bottled water have a new type faucet that makes it possible to draw a glass of water using only one hand.

cool, refreshing water always. Many other revolutionary features have been added. See these new models—send for booklet. Frigidaire Corporation, Dayton, Ohio.

## FRIGIDAIRE WATER COOLERS

THE GENERAL MOTORS VALUE IN THE REFRIGERATION INDUSTRY

*When writing to FRIGIDAIRE CORPORATION please mention Nation's Business*



# THE LEADER



**MUST MOVE**

*faster*

**THAN THE REST**

The history of American Watchclock manufacture starts with the organization of the Newman Clock Company sixty years ago. Since then, Newman and each of the other units that make up the Detex Watchclock Corporation have maintained their products at a high peak of efficiency with repair, supply and relief clock service in keeping. Throughout this time the company has produced Watchclock Equipment exclusively...

This company is the only manufacturer of key registering clocks in which keys operate directly to the record dial. This company is the only one which manufactures a portable clock with unlimited station capacity.

How well this company has served American Business is shown by the 80,000 clocks in daily use in 50,000 establishments.

In every clock, the Detex Registering mechanism offers basic superiorities. General construction is typified by strength and ruggedness—now a new movement of surpassing design, designed solely for watchclock use gives renewed assurance that Detex Watchmen's Clocks are the leaders in Reliability, Accuracy and Continuity of the Record of the system that checks the watchmen. Complete information on request.

## DETEX WATCHCLOCK CORPORATION

4153 Ravenswood Avenue, Chicago, Ill.  
29 Beach St., Boston 80 Varick St., N. Y.  
Room 800, 116 Marietta St., Atlanta

NB-7

# DETEX

Representatives in all large cities in America and abroad

When writing please mention Nation's Business

## What's Going on in Washington

(Continued from page 23)

any item of legislation can accomplish more than ten times the numerical strength of general popular opinion.

—The President has four secretaries, one for the press and callers; one for Congress; one for social service and social philosophy; one for odd jobs of liaison. To get things done at the White House you must know which secretary is good for which job.

—Mills of the Treasury should be regarded as a "comer." If Hoover is re-elected, Mills might be the Republican candidate in 1936. He has a new Assistant Secretary, Douglas, of Chicago, a youngster, filling a job from which several youngsters in the past have risen to great heights.

—Newspapers should be encouraged to publish how their congressmen and senators vote on everything. This would be a powerful check.

—Congressmen complain that they get more complaints for voting "wrong" than laudations for voting "right."

—The President's health is good, although he is worn and a bit haggard, like everything else in Washington these days.

—Huey Long, Louisiana Senator, is the most impudent man this town has seen in years. He just doesn't give a damn. He is sometimes a sparkling new performer in a rather dull circus.

—Don't bother yourself much about the platforms of the two parties. There never is much difference, and platforms are forgotten as soon as the elections are over.

—See how beer got nowhere. It will be the same next winter. Beer and light wines are not the way out, so far as Congress is concerned.

—High income taxes will make a new topic of social conversation—make us "more English."

—The new Chamber of Commerce President, Harriman, ought to be an interesting figure. He is distinctly liberal in matters of industrial relationships. He has a New England conscience.

—Congressmen now send excellent baby-care pamphlets of the Children's Bureau to new-mother constituents. Baby pamphlets make more votes than the old free garden seeds, and are cheaper.

—The higher officials are seriously underpaid. It would be economy in the long run to raise salaries, starting at the top, to get better men, better executives,

who would save many times more than their salaries. This is heresy in these days.

—The nepotism issue is in the making. Senators and congressmen hire sons, daughters, brothers, and so on. Sometimes this is justified, sometimes it is petty graft. Mrs. Garner certainly earns her money as the Speaker's secretary.

—The men around the Capitol who know most about what's what, and what's going to happen, are the secretaries, called the Little Congress. The Little Congress expects a big turnover of their bosses this fall.

—Everyone speculates on the strength of the Socialist ticket in the elections, as a measure of the protest vote.

Yours very truly,

*Wm. J. Hughes*

## Repairs in Depression

**P**AWTUCKET, R. I., used the depression as an opportunity to get the buildings of the city repaired and remodeled cheaply and at the same time help the city's unemployment.

Last year when it became evident that unemployment was becoming serious, a special committee was organized by the Chamber of Commerce to encourage modernizing and repairing. A special subscription raised \$7,005 for the work. The committee estimates that more than three-fourths of a million dollars worth of repairing and remodeling was done because of its campaign, making the campaign cost less than one per cent. The cost of the work in normal times would have been about one million dollars, thus the home owners saved 25 per cent.

In getting the work under way, a subcommittee on publicity was organized. It explained and advanced the plan by newspaper, stores, advertising, radio, speakers, and a school essay contest.

Men from construction and repair work firms were enlisted as contact men to solicit the individual home owners.

One pleasing result of the campaign is the demonstration that old houses can be made attractive by inexpensive repairs, painting, and slight remodeling.



# THIS NEW BURROUGHS SUBTRACTS as quickly and easily as it ADDS



## TO SUBTRACT

Merely set up the amount on the keyboard and depress the *minus* motorbar. The amount is instantly *subtracted* and printed.

## TO ADD

Merely set up the amount on the keyboard and depress the *plus* motorbar. The amount is instantly *added* and printed.

1 2 1.75  
9 1.45 -  
4 0.00  
1 6.01  
1 6 0.07  
2 0.70 -  
1 9 1.20  
3 8.14  
2 0.04 -  
8.85 -  
4 2 6.13 \*

7 4.92 -  
5 3.70  
3.04 -  
5.00 -  
6.80  
8 6.80  
1 1 5.93 -  
5 1.59 CR

## PRINTS CR BALANCE

Subtracted amounts are designated by the symbol (-). When the total of subtracted amounts is greater than the total of added amounts, the machine computes and prints the credit balance automatically and designates it (CR). Added amounts are not designated by a symbol, but when the result is a plus total it is designated by the usual (\*).

Now you can have a compact, low-priced Burroughs for desk use that *subtracts* as fast and as conveniently as it adds.

Think what this means on any number of jobs in your accounting department, especially on work that requires the indication of a credit balance (CR).

There are many styles from which to select a model exactly suited to the work you have for it to do. Wide or narrow carriage, as desired.

For full particulars, or for a demonstration on your own work... without obligation to you... telephone the local Burroughs office or write Burroughs Adding Machine Company, Detroit, Michigan.

# Burroughs



# When you are their age—will you have money to come and go as you please?

## Metropolitan Life's contracts afford a means to

- create estates and incomes for families
- pay off mortgages
- educate children
- provide income in the event of retirement
- establish business credits
- stabilize business organizations by indemnifying them against the loss of key-men
- provide group protection for employees covering accident, sickness, old age and death
- provide income on account of disability resulting from personal accident or sickness.

Metropolitan policies on individual lives, in various departments, range from \$1,000 up to \$500,000 or more, and from \$1,000 down to \$100 or less—premiums payable at convenient periods.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.



© 1932 M. L. I. CO.



**T**HINK of your satisfaction in being independent, free to enjoy the days as they come, able to pay occasional visits to those you love, sure of a royal welcome—a burden to nobody.

You certainly will want to be freed from anxiety about money when you get to be 60 or 65. At that time of life you would be unwilling to ask for or to accept money from anybody.

If you had a regular, fixed income, you could look forward to years of contentment—responsibilities behind, leisure ahead.

Why not plan, now, for the time when you will want to have an assured monthly income? From the minute you start planning, every step that you take toward protecting your future will bring you added peace of mind.

Consult a Metropolitan Field-Man about Retirement Income Plans or write to

## METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT • • • ONE MADISON AVE., NEW YORK, N. Y.

When writing to METROPOLITAN LIFE INSURANCE COMPANY please mention Nation's Business



# Yours Received and Contents Noted

## Some Readers' Views on Current Topics

### Air conditioning

TO THE EDITOR:

I have just read your interesting article on "Home Owners Turn Weathermakers."

I note that you state that air conditioning is defined by our Society as "the science of controlling the temperature, humidity, motion and cleanliness of the air within an enclosure." The definition as given in the A.S.H.V.E. Guide is "The simultaneous control of the temperature, humidity, air motion and air distribution within an enclosure. Where human comfort and health are involved, a reasonable air purity with regard to dusts, bacteria and odors is also included." The word "simultaneous" in this definition is important. Ordinary humidification or dehumidification without proper control of the temperature and other factors is not necessarily air conditioning.

Air conditioning in winter means primarily heating and humidification, whereas air conditioning in summer means primarily cooling and/or dehumidification.

Your statement concerning the fuel economy resulting from properly humidified air is questionable. While we are comfortable at lower temperatures if the humidity is the proper percentage, the increased amount of heat required to vaporize the water necessary to provide the proper humidity may more than offset the saving due to the maintenance of the lower dry-bulb temperature.

You state that the normal person is comfortable, if normally clothed, at a temperature of 68 degrees and a relative humidity of 45 per cent. The proper temperature and humidity depend upon the season. In the winter, if the relative humidity is 45 per cent, the dry-bulb temperature should be 70+ to provide the most comfortable condition for still air. This will result in what we term an effective temperature of 66 degrees. The summer conditions required are somewhat higher and depend on the prevailing outside temperature and the period of occupancy. In other words, the optimum effective temperature for summer applies primarily to places in which the human body has reached thermal equilibrium with the surrounding air.

Effective temperature, by the way, is not a temperature at all, but rather an arbitrary index of the sensation of warmth or coolness and combines the three major factors, namely, temperature, humidity and air motion.

PAUL D. CLOSE, *Technical Secretary*  
*American Society of Heating and*  
*Ventilating Engineers*  
New York, N. Y.

### Challenging the machine

TO THE EDITOR:

Very little space is given to the basic principles of a machine age. Years ago wheat was garnered with a sickle. Then

the cradle came into use and fewer men were needed to garner the harvest. Then came the delivery reaper and finally the binder—each in turn putting more men out of this particular employment.

To cite inventions of the past and compare their effect on the labor market with this mechanized age is beside the point.

Today we live in the machine age. That first binder that my father bought 52 years ago cost \$240. It was a new product and almost every part represented hand work. Later on the production of binders increased and they were produced at very low cost, the price ranging between \$75 and \$90 some 20 years ago.

Today with our boasted business efficiency and a machine-made product the farmer must pay as much as that first binder cost.

If production cost of a binder bears any relation to the records available for other products, then it would be conservative to estimate the cost of a binder at \$40 but the present price is six times that.

In the old days, I retailed a box of 500 carpet tacks for five cents. Every tack represented hand labor in its manufacture. Today machines turn out millions of tacks at almost no cost but we sell 250 tacks for five cents.

A machine age indeed but the machine price has not materialized and we will not have scratched bottom in this depression until we have the machine price on the machine product.

If we are to have (and I welcome it) a machine age let's have it and get it over with.

L. E. HAWKINS  
Berlin Center, Ohio

### Storm warnings

TO THE EDITOR:

The American public is long suffering but when once thoroughly aroused, its condemnation is irresistible. The lawmakers in Washington seem to have very little appreciation of the cumulative force of the storm that is now brewing. No half-way measures will satisfy taxpayers who face an increase in their burdens in order to perpetuate congressional extravagance. The people are now thoroughly aroused and they are demanding sweeping reductions in expenses and not mere gestures in that direction.

F. T. MOORE, *President*  
*E. Keeler Company*  
Williamsport, Pa.

### A scallion for Mr. Gaskill

TO THE EDITOR:

The editorial on Leadership in the May issue carries a thought that I feel deserves some little clearing up. You quote Nelson Gaskill that what we need is "followership." Splendid thought but still out of order.

When leadership is weak (and so far as I can see, it is extremely weak) you cannot expect to get "followership" for the very word means proper leadership. Lack of leadership is the reason of not having "followership."

In the army no matter how good the soldiers are they only go into "followership" by the leadership they have.

Personally I feel that we might discover some "peasant" who possibly will have real leadership, for certainly you must agree that the so-called "big men" are poor representatives of leadership.

The American public will furnish all the "followership" needed when the time comes that they may find a man worthy of the title of "leader."

WADE L. MORTON  
Ocean View, Norfolk, Va.

### And an orchid

TO THE EDITOR:

It is my belief that the root of all trouble besetting the world today is selfishness or, using Mr. Gaskill's choice word, "self-interest," a predicate of independent action with little regard for the welfare of others.

Unselfishness may well be the magic key to unlock our problems. Unquestionably, every evil, depression, loss and discontent existing today may be traced to a source that is fundamentally selfish and it is necessary that our rulers, legislators, heads of industry and commerce and the individuals of lower rank and power, shall learn that as selfishness has brought about an era of frightful penalties, the exercise of wholehearted unselfishness will produce the opposite—rewards of good will, peace and contentment.

It is high time that there shall be a new dedication of men to the spirit of sacrifice and interest in the other fellow, else our vaunted progress and advancement will turn to ashes of ruin and irreparable loss.

CHAS. L. SCHWARTZ, *President*  
*The Lee Hardware Co.*  
Salina, Kansas

### A business moratorium

TO THE EDITOR:

I believe that one of the most constructive measures that can be undertaken by Congress would be to declare a three- to five-year moratorium on the bonds of our business corporations that are maturing within the next three to five years; this moratorium to affect only those corporations that are able to maintain interest charges on their obligations.

This plan would prevent many receiverships and reorganizations of sound corporations, and would save a great deal of money for the American investor, who would suffer a substantial loss from such reorganizations. A good part of the present selling



# Make a Salesman of your Package



**T**ODAY, more than ever, business needs the help of packages that sell.

A marked increase in sales is often achieved merely by giving the package a finer appearance and greater attention-value . . . The assurance of freshness through better package-protection may give a product a decided advantage over competitors . . . And frequently a package which permits the buyer to "see the product" through a transparent wrapper will put new life into a slow-moving item.

We have worked closely with the leading package goods manufacturers for the past 29 years, devising better forms of packaging and supplying the machinery to do the work. We will be glad to assist you in making a real salesman of your package—or to help you lower your costs. Get in touch with our nearest office.

**PACKAGE MACHINERY COMPANY**  
Springfield, Massachusetts  
New York Chicago Los Angeles  
London: Baker-Perkins, Ltd.

hysteria is due to the fear that our corporations will not meet their maturing obligations.

We have declared a moratorium on foreign government debts owing the United States, in order to assist foreign governments; why not declare a moratorium on the domestic obligations of our business corporations to assist them and speed our own business recovery?

HARRY W. ACKERMAN  
Symonds, Ackerman, Secoy, Inc.  
Utica, N. Y.

## Capital commits suicide

TO THE EDITOR:

The whole system of private property and individual initiative is in serious danger. I look almost in vain for voices raised to proclaim clearly the "brass tacks" of our trouble, which is merely that the man-hour (due to successful efforts of managers, and of engineers) produces much more than it did ten years ago and does not buy proportionately more.

My sole urge is for clear thinking, an urge to make the leaders of this nation see the precipice in front and see that there is an absolutely mathematical necessity of re-adjusting upward the exchange value of man-hours against goods because the production of man-hours in goods has risen. Capital commits suicide when it cuts the rate of wages.

There has already been enough commodity price change and capital deflation to have brought stabilization and good business volume had no wage and salary rate cuts been made. Pay roll cuts by layoffs and short hours matter only temporarily. Lowered prices of the basic commodity man-hours matter vitally.

ARTHUR H. ADAMS  
New York, N. Y.

## Kiplinger's statements

TO THE EDITOR:

In a recent issue of NATION'S BUSINESS under heading "Ethics of a publication" you state you would like the reader's reaction to your permitting material such as written by Willard M. Kiplinger to appear therein. I am therefore writing to express my opinion as being that in such cases where there are no misstatements of facts, but merely an individual's logical conclusions based on his own actual experience or observations, you would do your subscribers an injustice not to let them have the benefit of such interpretations.

Every intelligent reader reserves the right to make his own interpretation, and he should benefit by knowing there may be those who just as sincerely draw contrary or differing conclusions based on the same statement of facts. Also in Mr. Kiplinger's articles there is considerable information which is new to the average reader, especially one at a distance from the capital, or one who is not in constant touch with governmental trends.

W. FLOYD CLARK  
Attorney and Counsellor at Law  
Dallas, Texas

**PACKAGE MACHINERY COMPANY**  
Over 200 Million Packages per day are wrapped on our Machines

When writing to PACKAGE MACHINERY COMPANY please mention Nation's Business



# REPORTS AND APPRAISALS

*combined with extensive*  
CONSTRUCTION EXPERIENCE

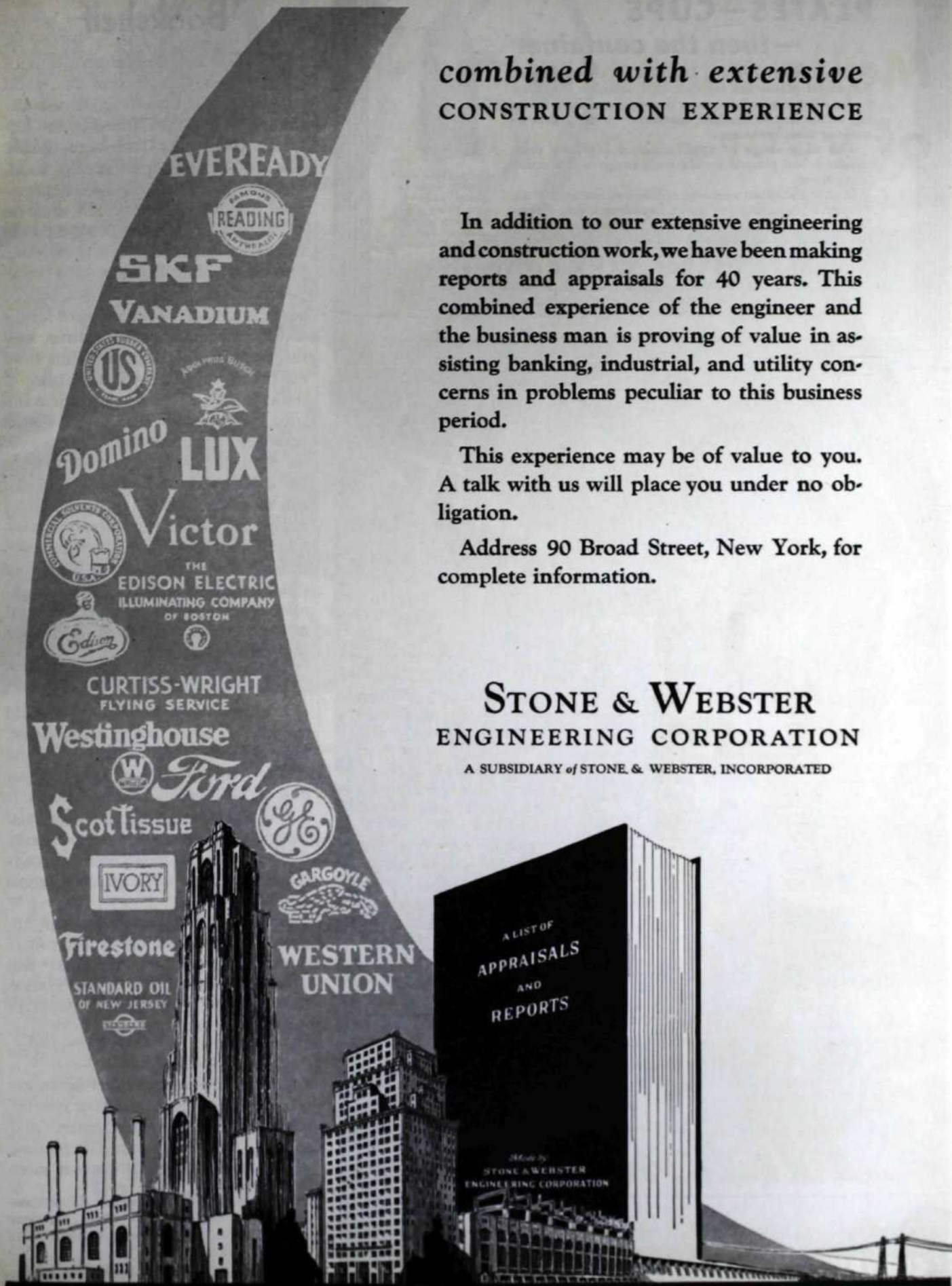
In addition to our extensive engineering and construction work, we have been making reports and appraisals for 40 years. This combined experience of the engineer and the business man is proving of value in assisting banking, industrial, and utility concerns in problems peculiar to this business period.

This experience may be of value to you. A talk with us will place you under no obligation.

Address 90 Broad Street, New York, for complete information.

## STONE & WEBSTER ENGINEERING CORPORATION

A SUBSIDIARY of STONE & WEBSTER, INCORPORATED





## PLATES—CUPS —then the container

In the Hackney Pressing Department, shown below, flat metal plates are formed into seamless cups by hydraulic presses. Successive drawing and heat treating result in the finished container—a deep drawn, entirely seamless shape.

The wide range of application of Hackney containers is best proved by the wide range of industries using them.

If your company requires containers for shipment, storage or handling—of gases, liquids or solids—write for detailed information on the Hackney service. It has resulted in economies for others.



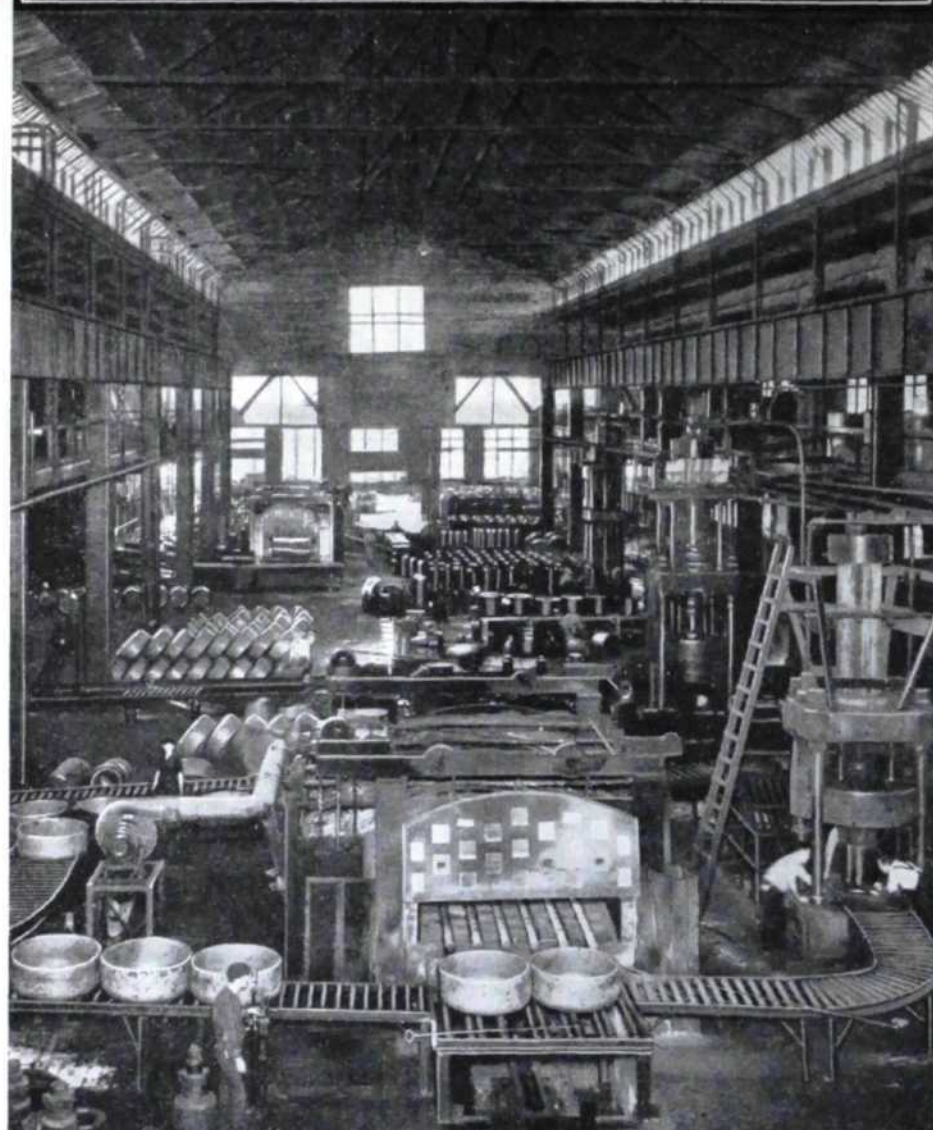
*From grease dispensing tanks to dental units—is the range of Hackney special shapes. Above, torpedo nose.*

### PRESSED STEEL TANK COMPANY

1179 Central Republic Bank Bldg., Chicago, Ill.

1355 Vanderbilt Concourse Bldg., New York

6613 Greenfield Ave., Milwaukee, Wis. 487 Roosevelt Bldg., Los Angeles, Cal.



# Hackney

MILWAUKEE

**CONTAINERS FOR GASES, LIQUIDS AND SOLIDS**

## On the Business Bookshelf

**T**HERE is a decided note of optimism in "A Picture of World Economic Conditions at the Beginning of 1932" published by the National Industrial Conference Board. The depression is undoubtedly worldwide; but there are signs of improvement such as the better credit situation in this country and the more stable finances and balanced budget in England.

A factor that has not been much publicized is the trend of the balance of trade. This trend is downward for the seven principal creditor countries with the exception of Belgium. With three exceptions, the trend of the balance of trade of the 15 principal debtor countries is favorable. This shows that a "gradual adjustment is taking place in the balances of merchandise trade of the debtor and creditor countries that will tend to facilitate the movement of international funds and assist in a recovery of prices by relieving the pressure on the balances of payments of the debtor countries." If this adjustment is accompanied by sound financial methods, a firm foundation will be laid for economic recovery.

♦  
**PONDERING** the anomaly of a world overplus of goods during a depression, Harper Leech<sup>1</sup> writes of the reasons and of the trend of modern industrial society. The overplus of commodities is due to too large a part of the national income being invested in capital goods, thereby producing more consumer goods than the balance of the national income could buy.

In the trend of society he sees a simplified structure coming—smaller, more self-contained communities that will eliminate much of the transportation costs now borne in moving goods to metropolitan centers.

♦  
"ADVERTISING can never be an exact science like mathematics or chemistry. It can become more accurate and scientific than it is today. The purpose of this book is to help make it more

<sup>1</sup>A Picture of World Economic Conditions at the Beginning of 1932. National Industrial Conference Board, Inc., New York, \$3.

<sup>2</sup>The Paradox of Plenty, by Harper Leech. Whittlesey House of McGraw-Hill Book Company, New York, \$2.50.





Now the

# 4-YEAR SERVICE PLAN

*protects your investment in G-E*

## WATER COOLERS

GENERAL ELECTRIC'S now famous 4-Year Service Plan protects every new buyer of General Electric Water Coolers (either bottle or pressure type) against any failure of the famous sealed-in-steel mechanism. If failure should occur during four years, a complete new unit will be installed immediately—without expense or delay.

General Electric's 4-Year Service Plan is an outgrowth of practical experience. Thousands and thousands of General Electric Water Coolers in actual service throughout every section of the country, have proved themselves through uninterrupted, trouble-free and expense-free service to be the *lowest in operating and maintenance cost.*

The simple, compact mechanism responsible for this remarkable record is entirely sealed-in-steel. It's out of reach of dust, moisture and the handy-man's tools. It requires no attention—not even oiling. It is the

same dependable refrigerating unit that has proved its long-life and economical operation in more than 1,250,000 General Electric Refrigerators.

The General Electric Water Cooler is a permanent, low cost investment that pays daily dividends in health, in increased employee efficiency and in goodwill. Ask your General Electric distributor or dealer for facts and figures. There is no obligation involved.

General Electric Company, Electric Refrigeration Department, Section CN7, Hanna Building, 1400 Euclid Avenue, Cleveland, Ohio.



*Join the G-E Circle. A special program for women every week day at noon (except Saturday). On Sunday at 7:00 P. M. a program for the whole family. (Eastern Daylight Saving Time). N. B. C. coast to coast network.*

GENERAL  ELECTRIC  
WATER COOLERS

DOMESTIC, APARTMENT HOUSE AND COMMERCIAL REFRIGERATORS • ELECTRIC WATER COOLERS

*When asking for further information on GENERAL ELECTRIC water coolers please mention Nation's Business*



# Insulated Buildings

## at low cost!

With exclusive advantages of insulated Walls and Roofs, Steel Windows and Steel Doors, correctly engineered, completely shop fabricated, easy to erect, extremely low in cost and available from stock units, in all types and sizes to meet individual requirements. The steel faced Ferroclad wall insulation; slightly more than 1" thick, is equal to 12" masonry.

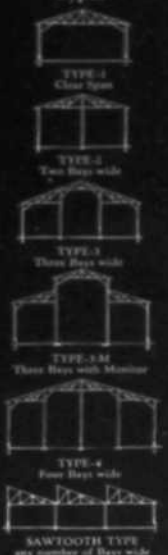
Write for suggestions, estimates and data

## TRUSCON

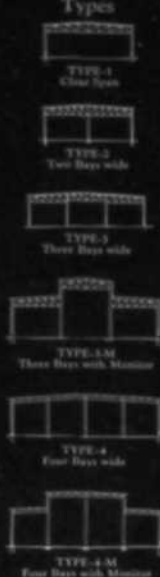


TRUSCON STEEL COMPANY, YOUNGSTOWN, OHIO

Pitched Roof Types



Flat Roof Types



scientific. But it can never become an exact science because of the human element in it—because in advertising you are dealing with the minds and the emotions of human beings, and these things will always be, to a certain extent, unstable and unmeasurable.

"That is why it is so necessary to test, test, test—to test copy, to test media, to test season—to test everything on a small scale before money is spent on a large scale."

So, in next to the last chapter, Mr. Caples sums up the theme of his book, "Tested Advertising Methods—How to Profit by Removing Guesswork." The book is interesting. Its points are specific.

"THE New Psychology of Selling and Advertising" is a book for salesmen, sales managers, advertising and publicity men and merchandisers. They will find it worth reading.

It is full of meaty statistics, sample questionnaires and reasons why the facts deduced from surveys may not be facts at all. Mr. Link tells why radio advertising is fundamentally sound and why mail advertising rests on a psychological fallacy.

But these are details. The sum of the book is the presentation of the new psychology of advertising and selling as distinguished from the old. The old psychology concerned itself with what people thought and said. The new psychology is concerned with what people do.

"THE Riddle of Economics," by Elisha E. Garrison, is an attempt to de-bunk economic fallacies. One chapter is devoted to the exploding of Marxianism. Others attack the dense theories of other economists.

One point he works for is the proving that gold is not the best monetary base. Mr. Garrison thinks a combination of commercial and public credit is better. Since up to 60 per cent of our Federal Reserve System currency may be based on commercial or public credit, America has met his suggestions to some extent, though most other countries have not.

The book could be briefly and well described as a book on general economics written without the technical jargon of that science.

"Tested Advertising Methods, by John Caples. Harper & Brothers Publishers, New York, \$3.50.

"The New Psychology of Selling and Advertising, by Henry C. Link. The Macmillan Company, New York, \$3.

"The Riddle of Economics, by Elisha E. Garrison. The Macmillan Company, New York, \$2.50.



### "MARIPOSA" & "MONTEREY"

NEW regal liners in a new, faster service from California to . . .

### NEW ZEALAND and AUSTRALIA

via HAWAII - SAMOA - FIJI

• • Now, only 15 days to New Zealand, South Sea wonderland of geysers, glaciers, fiords, Maori life! Only 18 days to Australia, a whole empire of new beauties and strange encounters.

• • On the way, Hawaii . . . Samoa . . . Fiji . . . isles that set your wanderlust aflame! At costs amazingly low!

• • 46-day All-Inclusive-Cost Tours, with 16 days in New Zealand, as low as \$471, Cabin Class—\$636, First Class. Sailings from either San Francisco or Los Angeles, through to Auckland, Sydney and Melbourne. Details at any agency or our offices.

### THE OCEANIC STEAMSHIP CO.

MATSON LINE

7-2

New York City Chicago San Francisco  
Los Angeles Seattle Portland



### HEALTH COMES FIRST

That is the decision of every institution installing Rundle-Spence drinking fountains.

First, because the sanitary features of an R-S fountain safeguard health; secondly, the R-S fountain prevents all users from touching their lips to the jet or nozzle.

Write for the R-S catalog. Colors are available for any color scheme.

RUNDLE-SPENCE MFG. CO.  
436 N. Fourth St. Milwaukee, Wisconsin

## RUNDLE-SPENCE







*The School — it had its slipping hazards. But now there's safety in Alundum Stair Tiles and Treads*

## EDUCATION « » « »

Norton also serving America's greatest industry — the fundamental industry — the school. "Norton Floors" is the trade name for a line of non-slip products — Alundum Stair and Floor Tiles, Alundum Ceramic Mosaics, Alundum Aggregates for terrazzo and cement floors.

All are permanently non-slip. Wear-resisting.

School children must be safeguarded against accident — on the stairs, in the lobbies, the lavatories, the shower room. Even the swimming pool needs its non-slip edges and surrounding floors. Norton Company, Worcester, Mass.

# NORTON

Grinding Wheels . . . . Abrasives for Polishing  
 . . . . Abrasive Aggregate . . . . Floor and Stair Tile . . . .  
 Grinding and Lapping Machines . . . . Refractories  
 . . . . Porous Plates . . . . Pulpstones . . . .

Great Industries  
 No. 10

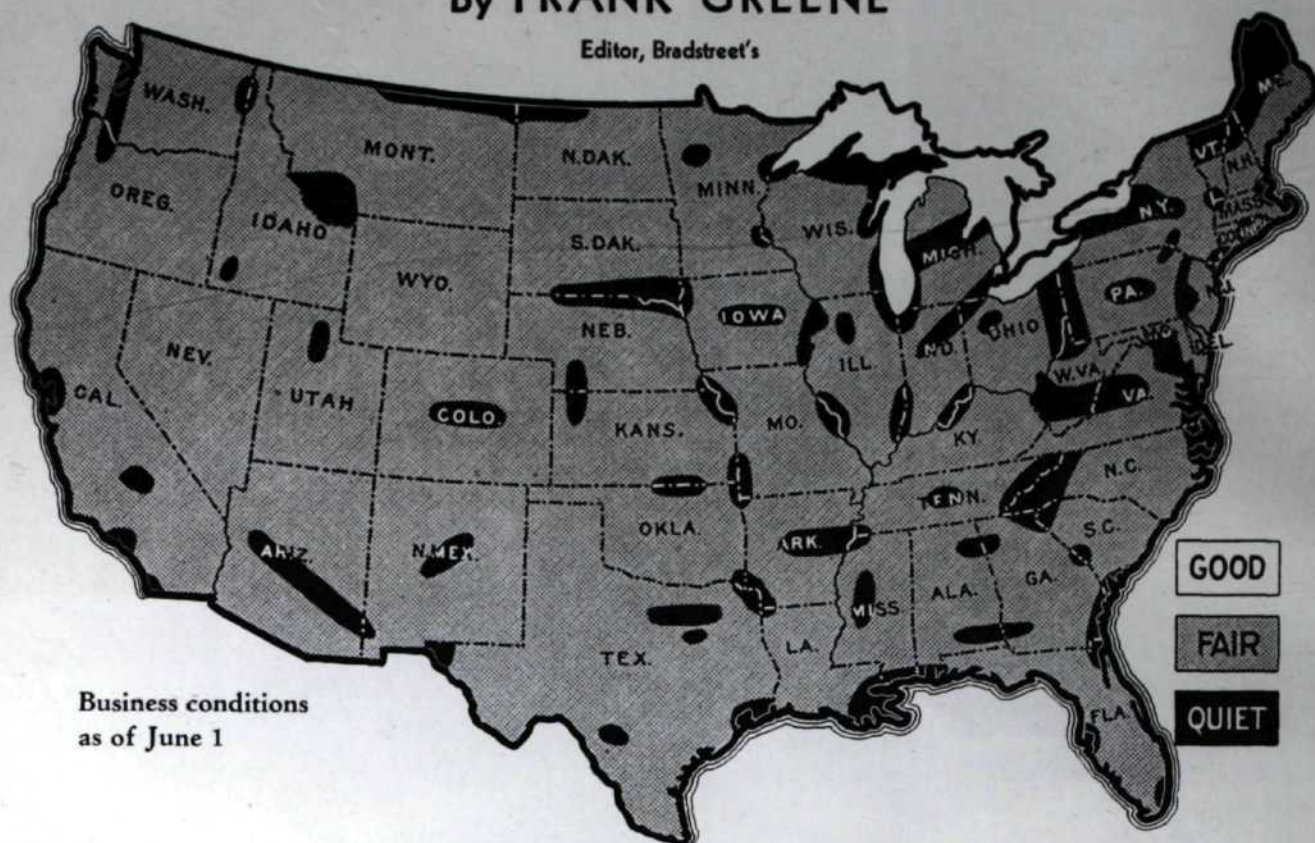
*When writing to NORTON COMPANY please mention Nation's Business*



# The Map of the Nation's Business

By FRANK GREENE

Editor, Bradstreet's



Business conditions  
as of June 1

MAY, like the two months which preceded it, was one of disappointing developments to most business men. Several hopeful signs were in evidence, however, with the advent of June

**M**AY, like April and March, proved a disappointing period. The stock market made a new low for the three years, 1929-32. The commodity price index sank to the lowest point since the middle of 1898 with a number of prominent staple products—cotton, copper, zinc and rubber, for instance—making new low market records. Live hogs and corn made new low levels for the century but rallied as the pressure of marketing relaxed. Cattle showed the most depressed prices since 1911.

## Retail trade speeded up

WHOLESALE trade and industry, except in a few instances, merely marked time, tending to dwarf the seasonal gains shown in retail trade. These gains were the best of the year, apparently, in volume if not in value, owing to real spring weather. Farm operations speeded up and the spring planted crops had a pretty good start in contrast to the year before. Abundant moisture put a slightly better face on winter-wheat prospects which are at best, however, far below those for most of the preceding 15 years.

Continuance of rains in the Southwest apparently robbed the wheat market of a chance to star as an exception to the general downward trend in commodity prices. There is little doubt, however, that a part of the burden of excessive stocks



The map of  
last month



The map of  
a year ago

Real spring weather brought the best gains of the year in retail trade volume, but wholesale trade and industry for the most part merely marked time



# TOO LATE!



A HEALTHY, normal child—crippled. Nothing can compensate for that! Too late now except to make a limited life, as happy as possible—and to prevent this from happening to other children.

Moderate care in driving will prevent a very large percentage of automobile accidents. It is the constant concern of mutual casualty companies to enlist the interest of their automobile policyholders in careful driving. That this effort has been effective is indicated by the greatly reduced frequency of serious accidents among the millions of car owners insured in mutual companies.

This safety program has also been carried out by mutual companies in the industrial field where remarkable results have been achieved.

It is this effort, together with conservative, sound management, that has enabled mutual corporations to pay all just claims promptly, and in addition to building legal and voluntary reserves, to be able to distribute many millions of dollars a year as dividends to policy-

holders—a very substantial part of the premium to the individual policyholder.

The stability and soundness of the mutual plan of insurance is evidenced by its 180 years of successful operation—by its record of reduced net cost of protection to a vast army of policyholders—among them a large number of the leading industrial organizations of the country.

The owner of a car, a home, or a business, will find interest in a booklet outlining the principles and operation of mutual casualty insurance. It will be sent free on request. Address the National Association of Mutual Casualty Companies, Room 2100B, 230 North Michigan Avenue, Chicago, Illinois.

## Forms of Casualty Risks Covered by Mutual Policies

ACCIDENT AUTOMOBILE (all forms)  
BURGLARY AND THEFT FIDELITY  
LIABILITY (all forms) PLATE GLASS  
PROPERTY DAMAGE  
WORKMEN'S COMPENSATION

## 1930-31 RECORD DEMONSTRATES MUTUAL STABILITY

Certain definite factors, inherent in mutual insurance for well over a century, have accentuated the fundamental soundness and strength of mutual casualty companies in the stress of the past two years.

These factors are: selection of good risks; accident prevention; conservative investments, and economy in operation.

It is significant that almost without exception all of the leading legal reserve mutual companies have maintained dividend payments to their policyholders for 1930 and 1931.

The member companies of the National Association of Mutual Casualty Companies returned cash dividends of \$14,987,843 in 1930 and \$13,534,608 in 1931. The Association companies have paid over \$103,000,000 of dividends to policyholders in the past ten years. These companies have an annual premium income of over \$75,000,000; have cash assets in excess of \$105,000,000.

No classification of American business has a sounder record of accomplishment during the depression years. Basically, this record has been made possible because the buyers of casualty insurance have come to know that mutual coverage is safe, sound and economical protection.

# MUTUAL CASUALTY INSURANCE

An American  Institution

*These Old Line, Legal Reserve, Mutual Companies are Members of NATIONAL ASSOCIATION OF MUTUAL CASUALTY COMPANIES and AMERICAN MUTUAL ALLIANCE*

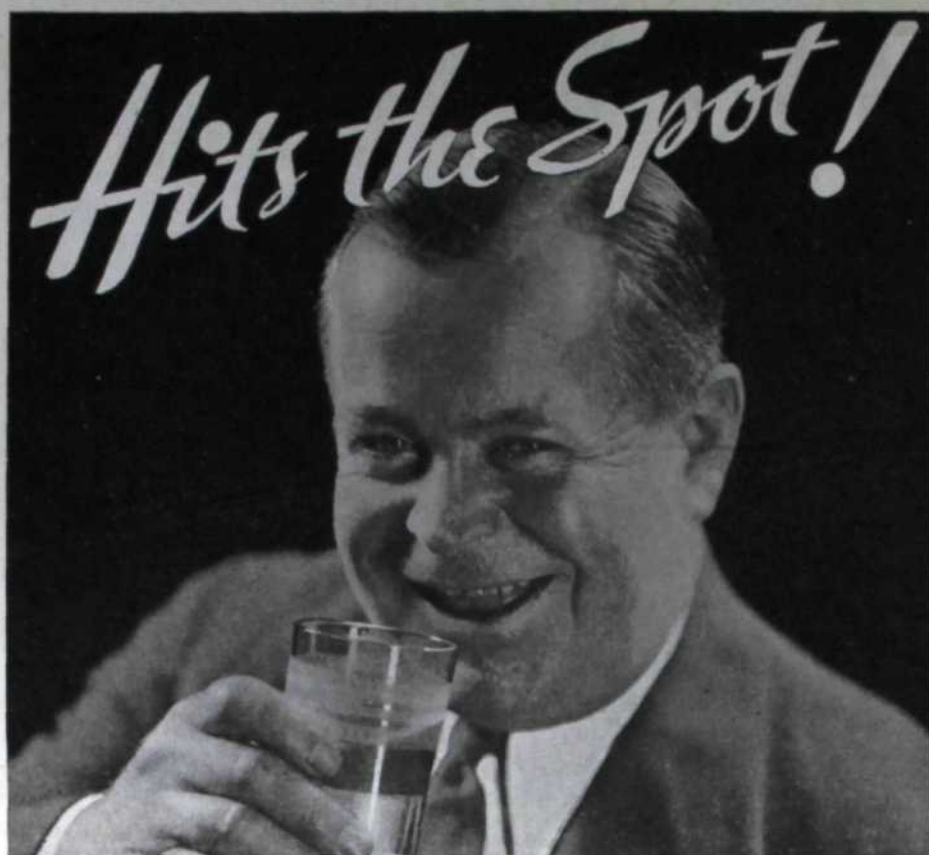
(American) Lumbermens Mutual Casualty Co., of Illinois,  
New York City  
American Mutual Liability Insurance Co., Boston, Mass.  
Builders Mutual Casualty Co., Madison, Wis.  
Central Mutual Casualty Co., Kansas City, Mo.  
Employers Mutual Casualty Co., Des Moines, Ia.  
Employers Mutual Liability Insurance Co., Wausau, Wis.

Exchange Mutual Indemnity Insurance Co.,  
Buffalo, N. Y.  
Hardware Mutual Casualty Co., Stevens Point, Wis.  
Interboro Mutual Indemnity Insurance Co.,  
New York City  
Jamestown Mutual Insurance Co., Jamestown, N. Y.  
Liberty Mutual Insurance Co., Boston, Mass.

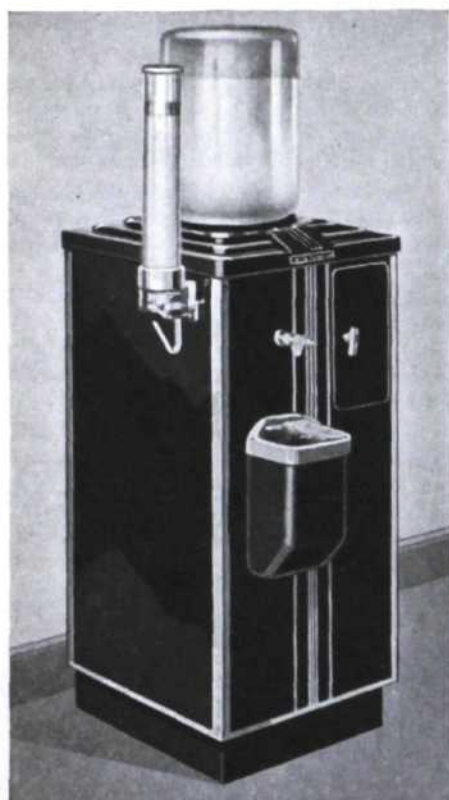
Lumbermens Mutual Casualty Co., Chicago, Ill.  
Merchants Mutual Casualty Co., Buffalo, N. Y.  
Michigan Mutual Liability Co., Detroit, Mich.  
Mutual Casualty Insurance Co., New York City  
Texas Employers Insurance Association, Dallas, Texas  
U. S. Mutual Liability Insurance Co., Quincy, Mass.  
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will be lifted by the perhaps 40 per cent shortage in winter wheat, which usually provides two-thirds of the country's total crop.

While May proved disappointing, June produced several hopeful signs. Congress, under executive urging, picked up its work somewhat, while the automobile industry—the small car department, at least—gave an exhibition of enlarging production which stood almost alone.

In the petroleum industry further slight strength in the crude market was made possible by the Supreme Court decision on proration, and refined products stiffened in price in most, but not all, areas.

The partial settlement of the building strike in New York helped to release some work in structural steel, mainly on public construction, and helped to maintain capacity as a whole at a few points above the low of February. Steel scrap, a good barometer usually, touched a record low price, however.

### Textiles show a drop

THE textile manufacturing trades were rather out of the cheerful lineup, possibly because of the shorter cycle nature of their products. In this respect, indeed, the so-called light trades did not keep up their relatively high records of one and two years ago. Cotton production was curtailed again, domestic consumption falling sharply, although export trade in the raw material greatly exceeded a year ago.

Wool and its manufactures were depressed and raw wool quotations were lower. Silk showed decreases where gains had recently ruled and the rayon industry announced lower prices with a very general shut-down for June. The shoe trade, after gains in the first quarter, dropped below its level of a year ago.

Failures and liabilities are 10 and 20 per cent, respectively, below those of the peak year, 1931. Bank failures, while numerous, are also fewer than last year. Bank clearings still reflect heavy shrinkages in financial operations. Building is still at a low ebb with existing high wage scales a bar to perhaps fuller activity.

There was a good deal of talk throughout the month of reduced public purchasing power but a partial antidote to this was apparently visible in estimates of enlarged buying power of the dollar. Whatever else may occur, the outlook as spring merges into summer is that food, clothing, rents and other material accessories will be lower than for many years.



# State Trade Walls Hurt Industry

By J. H. H. ALEXANDER

Of the Wisconsin Manufacturers' Association

**I**N the past eight years 24 states have enacted laws declaring a compulsory preference for made-in-the-state products or for the employment of residents on public works contracts. The idea, of course, is to support and encourage home industry. But will that be the practical result?

Before attempting to answer that question, let us glance through the pages of early American history to see what is set down there for our guidance. When 55 delegates to the Constitutional Convention met in 1787, the states were on the verge of anarchy, disorder was rampant and factionalism was intense.

State sovereignty was a jealously guarded tradition and independence was a new acquisition. Recall, also, that centralized authority had been synonymous with despotism and oppression for the Colonies before the Revolution. But the dark years after the Revolution had proved that the new nation's only hope for survival lay in union, and the delegates hewed to that line. In drafting the United States Constitution—a document which still ranks as the greatest bill of rights ever created—they went on record as opposed to the building of state walls. There was a reason.

Almost to a man the makers of the Constitution knew their Europe. They knew that European boundaries bespoke customs declarations, disputes, passport visas, inconvenience and delays. They knew European boundaries had caused wars and fostered trade jealousies.

So they drafted a document designed to forestall the danger of disputes and distrust among the component parts of the nation. Here is what they wrote:

Article I, section 9, subsection 5 of the Constitution reads: "No tax or duty shall be laid on articles exported from any state." Subsection 6 of the same section states: "No preference shall be given by any regulation of commerce or revenue to the ports of one state over those of another; nor shall vessels bound to or from one state be obliged to enter, clear, or pay duties in another."

Nor is that all. Article I, section 10, subsection 2 says: "No state shall, without the consent of the Congress, lay

any imposts or duties on imports or exports, except what may be absolutely necessary for executing its inspection Laws; and the net produce of all duties and imposts, laid by any state on imports and exports, shall be for the use of the Treasury of the United States; and all such laws shall be subject to the revision and control of the Congress."

## States have trade walls

**YET** what do we find today? Half the states have enacted state boundary walls in eight years. Several states have enacted two laws and some three laws which put out-of-state competition "on the spot" as regards state purchases or competitive nonresident labor. In addition to the 24 states which have already gone on record, many others have escaped infection by defeating expedients offered to bolster declining markets or to promote home employment.

Let us examine an example state wall law already enacted.

"An act to promote the use of materials, products and supplies produced, manufactured, compounded, made or grown within the state of Iowa by requiring that a preference be given all such materials, products and supplies, with certain exceptions, by all commissions, boards, committees, officers or other governing bodies of the state, counties, townships, school districts, cities, towns, and other contracting and purchasing agents thereof, whenever such materials, products and supplies are available, suited for the intended use and can be secured without loss.

In the main, the enactment of state wall laws meets with popular acclaim, since the laws ostensibly protect home industry or resident labor. Voters judge legislation for its immediate results, not for its ultimate consequences.

But such laws do not stop at the limits prescribed in their texts. They plant the seed that germinates into an unhealthy attitude of mind between state and state.

This discussion is primarily concerned with laws prohibiting the purchase of out-of-state products for state use, since the obvious limits of mobility on the part of labor preclude grave danger arising from measures which specify

resident labor for state jobs. Why does any state enact a boundary wall law prohibiting outside purchases for state use? Let us ponder for a moment the relationship existing between industrial production and markets.

The ratio of industrial production to population is \$584 *per capita* for the United States as a whole. Iowa, with \$367 *per capita* industrial production, may possibly derive some benefit from a state wall law, but only if its major industrial products fail to exceed the consumptive demands of Iowa. Colorado, with \$295 *per capita* production, is reasonably safe because of its geographical location. The same may be said for Arizona, with \$457 *per capita*, and for Louisiana, with \$325 *per capita*. Nevertheless, the advisability of protecting a state's provincialism remains an open question.

But what of Illinois, with a *per capita* industrial production of \$816, or 50 per cent more than that of the United States as a whole? And what of New York, with \$792 *per capita*? For that matter, what of any highly industrial state that sells 75 per cent or more of its manufactured products outside its borders? Some of these have enacted state wall laws; others have escaped by a narrow margin.

The answer to those questions lies, as the writer views the matter, in the stimulation of trade jealousies that will inevitably lead to retaliatory legislation. That answer is already supported by fact. Pennsylvania has a retaliatory law.

It seems inevitable that other highly industrialized states will follow Pennsylvania's example when they realize that state wall laws enacted by "market" states are cramping their industry.

Legislators will do well to note:

State wall laws provoke retaliatory laws. The result of that vicious cycle of ill-conceived legislation constitutes an attack at the foundation of the nation. A modicum of common sense, if applied to the purchase of state-made products for state use, would accomplish all that a state wall law would accomplish by enactment—without treading on any of the pet corns of industry.



# Consider all sides of the **QUESTION...**

Every company which sells on the deferred payment plan always has the problem of how best to handle its customer "paper". Your financing arrangements may have been satisfactory last year or in the past, but are they what today's conditions call for?

These are unusual times and needs are changing. With some firms it is mainly a question of securing an additional and dependable line of credit against receivables in order to keep in the desired liquid state. Other companies are realizing now more than ever the need of C. I. T.'s day-to-day cooperation so that credit terms will be granted to the right people, collections will be followed through properly, and costly mistakes avoided.



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# Things Talked about in Wall Street

By a Staff Writer of NATION'S BUSINESS

NEW YORK, June 7  
**A**S THE PERIOD of depression lengthens and the end seems no nearer, a change is coming over the spirit of business and finance.

Men are ready to approve, or at least listen to, proposals which six months ago would have seemed the talk of wild men. The most conservative of bankers, the least radical of economists, listen calmly to ideas which, six months ago, would have brought them to their feet in angry protest.

A DISTINGUISHED banker said to me the other day:

"I don't know that a single one of my colleagues in this row of offices would agree with me, but I'm reaching the conclusion that a large government loan for the relief of unemployment by means of public works or by direct aid or through the states is inevitable."

Six months ago this banker would have scouted the idea of such a means of meeting depression. And I am by no means sure that in spite of his disclaimer, he would not find support among the other major executives of his bank.

THE heresy of yesterday may be the orthodoxy of today. A good many men in and around Wall Street read with some amazement the reprints of Owen D. Young's interview in the *Baltimore Sun* in which he proposed a test in one crop—wheat he suggested—of the equalization fee. What! the Chairman of the Board of General Electric supporting the equalization fee and a two-billion-dollar federal construction program at a time when the national Government can't make both ends meet! When the whole economic faculty of the University of Chicago came out for inflation, there wasn't a ripple in business.

OWEN D. YOUNG'S proposal to try the equalization fee on one crop recalled what the economist of a large investment house said to me:

"One trouble with economics is that we have no means of making a labora-

tory test of a proposed formula. The chemist takes substance A and substance B and mixes them in test tubes. Then he finds out if his theory and his formula are right. When a doctor believes that he has a new method of treating a disease he tries it on one, two or a dozen patients and then extends its radius. But economists haven't a way of trying a plan except on so grand a scale that failure may prove ruin. Communism is getting a trial in Russia. If it fails, the results will be tremendous. Suppose it could have been tried in a small independent state of half a million people?"

I ASKED a banker this question:

"If I came to you with \$10,000 and asked you what to do with it, what would you tell me?"

"The shortest term government securities and wait and see what happens," was his answer. "That's about all the advice we can give. And," he went on, "you might be surprised to know how often that question is asked of us. Every day, by letter, by phone and by personal visit we get a flood of just such questions and we haven't any better answer."

AT THIS writing continued heavy purchases—\$100,000,000 a week—of government securities by the Federal Reserve Bank from member banks has had little apparent effect on credit expansion. The only immediate result is to add to the banks' cash and make them increasingly liquid. That it may have some good results early in the summer, perhaps in the coming month, is the hope expressed in some quarters. Balancing this hope is the fear that the stoppage of such purchases may have a bad effect on the market for government securities.

THE controversy goes on as to whether it's the bank that won't lend or business that won't borrow. A business man of high standing told the other day of an effort to make a loan from a bank based on what seemed to him admirable security. The banker was courteous but firm. He couldn't, he said, feel justified. Finally in a burst of confidence he said:

"You know I sometimes feel that we have ceased being bankers and become mere accumulators of money."

IT WAS to deal with this situation that the joint committee of six bankers and six industrialists—promptly, if profanely, nicknamed the Twelve Apostles—was formed. There was more than a hint in the newspapers that the organization of this committee was in answer to a feeling in Washington that the commercial banks of the country were not doing their part in putting into active business use the money made available to them through the Glass-Steagall bill and the Reconstruction Finance Corporation. To quote the Washington correspondent of the *New York Times*:

It is a well known fact that the President has been disturbed at the apparent lack of cooperation of the commercial banks of the country in the credit expansion drive.

THE annual report of the Federal Reserve Bank of New York, after reciting that throughout 1931 the bank kept funds at a rate never above  $3\frac{1}{2}$  per cent and usually below, adds:

"That, despite this liberal program, a severe contraction of bank credit should have taken place bears witness to the inferior ability of a low rate schedule to bring credit into use when confidence is lacking."

To which the report might have added: "You can lead a horse to water but you can't make him drink," or,

"It takes two to make a bargain."

HERE'S a Wall Street version of the present state of men's wealth:

Any man whose assets inventory 25 per cent of what they were three years ago has shown extraordinary financial acumen.

Any man whose assets inventory 35 per cent of two years ago is a worker of financial miracles.

Any man whose assets inventory 50 per cent is a darned liar.

IN THIS column last month I said that members and officers of the Stock Ex-



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economic and social questions.

This year especially the Institute offers a Conference on Economic Planning and Regularization of Employment, at which leaders of business and industry will discuss salient phases of the present economic situation and the remedies currently proposed.

The Institute will be held at Northwestern University, Evanston, Ill., July 31 to August 13, 1932. Write for descriptive booklet to—

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change didn't like the idea of the Senate inquiry going back into some of the big pools of the period, B.C. (before crash.)

The testimony given on May 19 concerning the Radio and other pools before the Senate Banking and Currency Committee justified that remark.

The Radio pool lasted some 23 days, and netted \$5,000,000. In that time the stock went from 79 to 109 and then back to the 90's.

A week following the testimony, the Exchange suspended a trader who offered to sell stock short. He had violated a rule which reads:

Purchases or sales of securities or offers to purchase or sell securities made for the purpose of upsetting the equilibrium of the market and bringing about a condition of demoralization in which prices will not fairly reflect market values are forbidden.

HENRY FORD, who has never been regarded as friendly to banks, broke out in an interview on banks the other day when he refused to aid a small Michigan bank and explained:

We have hundreds of similar requests and thus far we have not been convinced that it is wise to support a system that has so lamentably failed in protecting the savings which working people have entrusted to it.

The primary function of a bank is to provide a place of safe deposit and not to jeopardize this in any way.

We have studied several communities in these matters and find that they do very well without banks as at present managed. A prosperous bank too often means a mortgaged community and such prosperity is the forerunner of depression.

Mr. Ford's idea of a bank seems to approximate a huge safe deposit box.

MR. FORD also urged that people go to work and "dispel the fallacy that money can make money." On the whole, Mr. Ford seems determined to lead us back to a cash basis. And this in a country which is accustomed to do perhaps 80 billion dollars worth of business with four or five billions in cash.

THERE may be difficulty in inducing business to borrow and banks to lend but the United States Government seems to have no difficulty in getting money at an incredibly low rate. (Evidently the banker quoted above who knew no way to place money except in government securities at the shortest possible terms has many fellows.) On Monday, May 23, the Treasury borrowed \$60,000,000 on 91 day bills at a rate of .29 of one per cent a year.



## Mr. Harriman's Business Platform

(Continued from page 20)

Reconstruction Finance Corporation to permit it to aid public or private works which may be reasonably expected to pay their way. Such a program should be considered as an emergency measure to stimulate business, provide work and obviate the dole. I would also give the Reconstruction Finance Corporation authority to lend money to states or municipalities that cannot supply funds for emergency relief.

### TENTH

Immediately amend the Volstead act to permit the manufacture, transportation and sale of four per cent beer, and tax such beer at a rate of not less than \$6 a barrel. Also submit to the people of the United States an amendment to the Eighteenth Amendment, which, while guarding against the return of the saloon, would permit such states as desire to do so to sell alcoholic beverages.

### ELEVENTH

A grateful nation will always remember the deeds of its veterans in the Great War, and will gladly respond to all fair requests for aid from those who were injured or contracted illness in the service. To the dependents of those who paid the supreme price, the care of the Government will always be extended. But the name "veteran" must not be sullied by its use as a cloak to cover the demands for pension, bonuses and hospitalization, if no injury or illness can be traced to the War. I urge careful review of existing and proposed veterans laws to the end that full justice shall be done to all who are deserving, and that the honored name "veteran" shall not be dishonored by unfair and unwarranted demands.

### TWELFTH

Give the President, so far as it can constitutionally be done, the right, when Congress is not in session, to suspend the operation of existing laws and to provide for emergency measures required by the public welfare, such rights not, however, to include any taxing authority. Such powers should be exercised by the President in consultation with a non-partisan advisory cabinet of five members. Such authority would insure prompt action in case of emergency and would be merely duplicating in times of depression stress the authority exercised by the President in war.

### THIRTEENTH

Keep out of the League of Nations but enter the World Court. Promote peace and economy by disarmament and aid in the abolition of war reparations by giving fair consideration to a reduction of war debts.

### FOURTEENTH

The depression of '29 was caused primarily by a loss of moral perspective and a collapse of common honesty. The Sermon on the Mount and the Ten Commandments will always be the true guide to real and lasting prosperity."

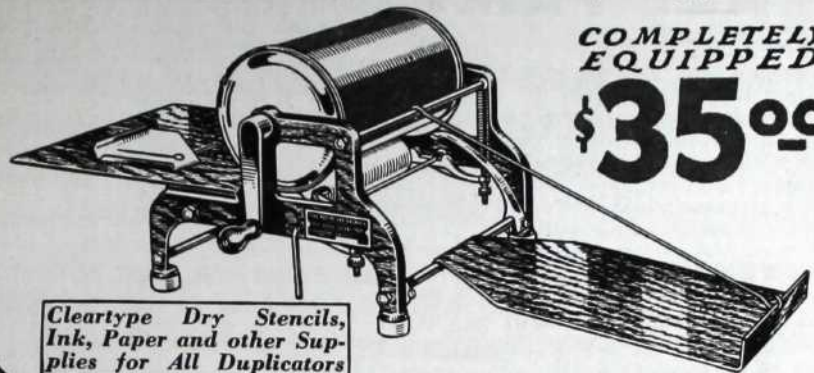
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Electric generating stations . . . . .	181
Installed kw. capacity . . . . .	1,175,658
Miles of distribution lines . . . . .	24,828
Gas generating stations . . . . .	46
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## The Problems of the Pacific

THE lowering of existing tariffs, or no further increases in present schedules; the stabilization of silver, preferably through an international conference; and the fostering of communication and transportation by air in the Orient, with a view to linking up Japan, China, India, the Philippines and perhaps Australia and New Zealand in an air network were among the suggestions for benefiting trade promotion among Pacific countries voiced at the National and Pacific Foreign Trade convention in Honolulu, May 4 to 6.

Although the convention adopted no resolutions and established no policies, it engaged in full and free discussion of trade problems. Practically the entire session was devoted to matters having a direct bearing upon trade in the Pacific and the overseas commerce of the nations bordering that ocean. The perils to Pacific trade seen in the protective tariff wall raised by the United States and in the Chinese boycott of Japanese goods were discussed.

"If we continue the practice of raising tariff rates, already too high on many articles, the trading doors of most countries of the world will practically become closed, except for some raw materials," K. Seko, delegate from the Japan Economic Federation at Tokyo, warned convention members.

"Since the close of the world war Japan has been watching with great anxiety and horror the rapidly increasing tariff rates of almost all the countries of the world. Those bordering on the Pacific Ocean, almost without exception, have either led or followed the practice while, on the other hand, Japan has continued her policy of keeping tariff rates on a reasonable basis."

Suggestions for the improvement of America's trade with China were out-

lined by Charles A. Wong, manager of the Chinese-American bank of Honolulu, representing the local Chinese Chamber of Commerce.

"It is not advocated that higher duties be abolished," Mr. Wong said, "but if tariff barriers are modified and lowered to stimulate the power to buy and consume, if the price of silver could be adjusted and stabilized through the good offices of an international convention, it would help materially to develop and expand China's foreign trade."

Other speakers included Wallace M. Alexander, chairman of the board, Alexander and Baldwin, Ltd., representing the San Francisco Chamber of Commerce; M. Shibusawa, delegate from the Tokyo Chamber of Commerce and Industry; A. Morgan Young, editor of the *Japan Chronicle*, representing the Kobe and Osaka Foreign Chamber of Commerce; T. Yajima, manager of the Tokyo Branch of the Sumitomo Holding Company, representing the Osaka Chamber of Commerce and Industry; and Dr. Peter H. Buck, ethnologist of the Bernice P. Bishop Museum.

Delegates from Hawaii pointed out that the people of the islands, strategically placed to foster trade in the Pacific area, are keenly alive to the possibilities for the future.

"This group of islands is strategic commercially and geographically," Governor Lawrence M. Judd stated. "The trend of business in our own country was, and yet is, westward. What may accrue to the nations around the rim of this ocean will, in some measure, accrue to this territory."

Convention leaders said that the frank expression of views will result in a better understanding between commercial leaders of all Pacific countries.

—LORIN TARR GILL

## Where Business Will Meet in July

DATE	ORGANIZATION	CITY
1-2	American League of Collection Agencies	Washington
5-8	Commercial Law League of America	Washington
6-9	American Society of Civil Engineers	Yellowstone National Park
7	Mid-West Shippers Advisory Board	Chicago
7-8	National Association of Taxicab Owners	Chicago
11-16	Wallpaper Association of the United States	New York
12-14	National Confectionery Salesmen Association of America	Atlantic City
18	American Association of Nurserymen	West Baden, Ind.
18	American Glassware Manufacturers	Atlantic City
18-20	Southern Newspaper Publishers Association	Asheville, N. C.
18-21	Photographers Association of America	Detroit
18-26	National Editorial Association	San Francisco and Los Angeles
19	American Plant Propagators Association	West Baden, Ind.
28	National Editorial Writers' Association	San Diego

Secretaries of national trade associations are urged to notify Nation's Business of their coming meetings. Notice of conventions should reach Nation's Business at least 30 days before date of publication of the issue in which they are to appear.



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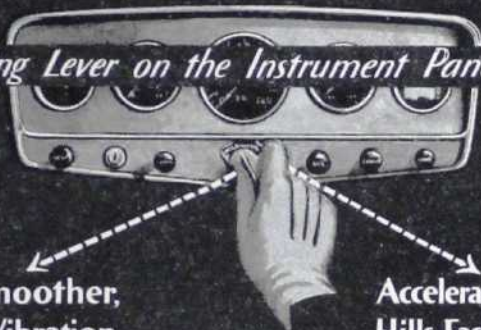
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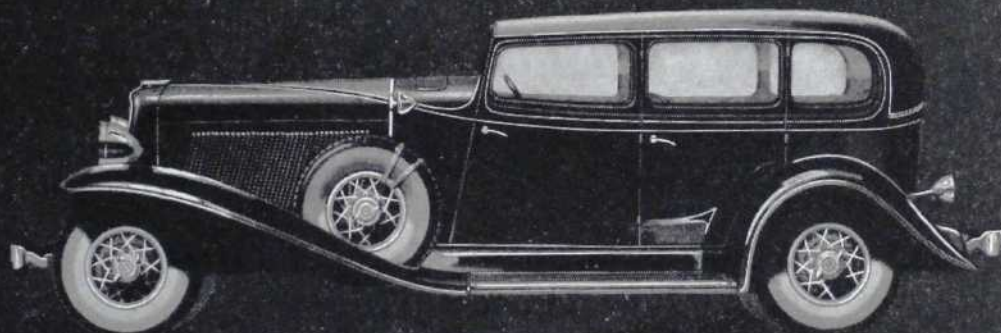
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⑧

## AUBURN

⑫

**POWERED BY LYCOMING**

AUBURN AUTOMOBILE COMPANY, Auburn, Ind. Division of Cord Corporation

Fourteen Standard and Custom Straight Eight Models \$945 to \$1445

Twelve Standard and Custom 12-cylinder Models \$1445 to \$1895

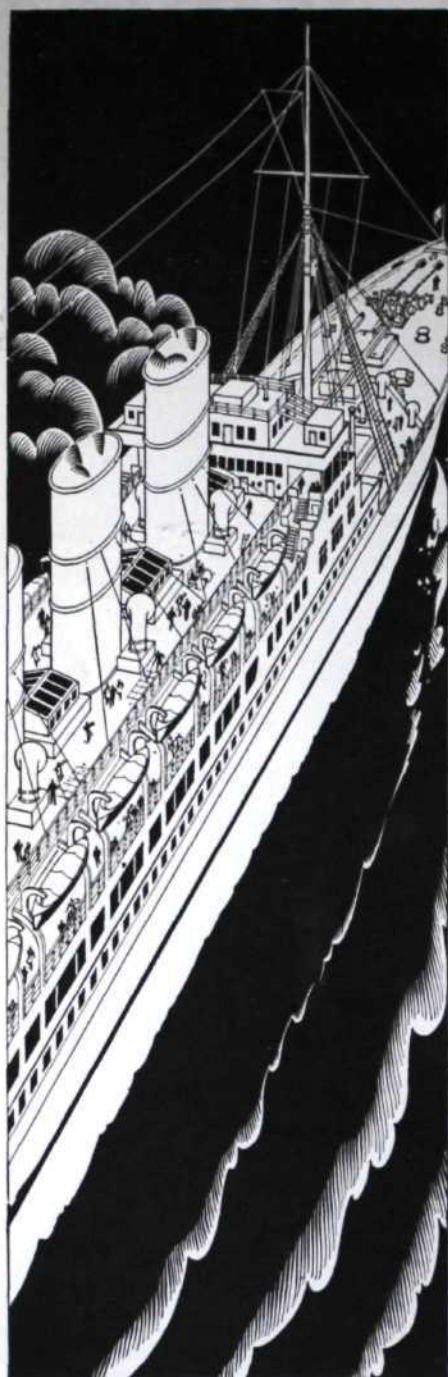
Prices f. o. b. factory, subject to change without notice

**Dual Ratio**  
affords performance  
never before pos-  
sible in any  
car



GO

EMPRESS



### NEW LOW ROUND-TRIP SUMMER FARES

*Reduced all-year  
round-trip fares*

For size, for speed . . . the Empress of Japan has no peer on the Pacific. Nor is she surpassed for luxury . . . and the faultless taste which characterizes her from stem to stern. She has that smartness which makes "going Empress" the way to go. That's why travelled people prefer it.

Empress of Japan sails via Honolulu to Japan, China, Manila. Her running-mate is the Empress of Canada.

If you want the fastest crossing, go the Direct Express route . . . by Empress of Asia or Empress of Russia.

All "Emperesses" also carry a fine Tourist Class.

Sailings from Vancouver (trains direct to ship-side) and Victoria. San Francisco and Los Angeles sailings connect with Empress of Japan and Empress of Canada at Honolulu.

Orient Tours. Tour Service . . . Round-Pacific, Round-the-World.

Booklets, information, from your own agent or Canadian Pacific: New York, Philadelphia, Chicago, Montreal and 31 other cities in the United States and Canada.

## Canadian Pacific

HONOLULU · YOKOHAMA · KOBE · NAGASAKI · SHANGHAI · HONG KONG · MANILA

ORIENT

When writing to a CANADIAN PACIFIC office please mention Nation's Business

## New Policies for Old

(Continued from page 28)

attention was paid to price and too little to quality. There is almost a general movement toward trying to retrieve the situation as far as possible. He writes:

Two policies received the major share of attention at the sessions of the National Retail Dry Goods Association in February. One was the general insistence against emphasis upon cheap goods and the second was the belief that dollar volume will be lower this year and that adjustments must be made so that this lower volume will yield a profit. The necessary distinction was drawn between selling good merchandise at lower prices and selling cheap goods cheap. That has been a distinction which was not so clearly understood, it may be suggested, before the retail discussions took place. Trading-up is necessary, but not the kind that ignores leaner pocketbooks.

"Volumitis" is an old complaint of American business. Disturbing as it may be at times, it is the lesser evil to some minds when weighed against the implications of curtailment. Here's the way Henry Ford looks at it:

There is great talk also about curtailing production. The word, I believe, is "regulating," but it means curtailing. The suggestion is made in good faith by people whose good will cannot be questioned. But it arises from despair, not from hope. How would it work? Who is to have the say as to how much is enough? Will the public stand for a system that puts the market at the mercy of the manufacturers? Isn't it a healthier condition where the manufacturers are at the mercy of the discriminating public? I grant that this so-called regulation would stabilize something—it would stabilize pretty nearly every wrong condition that we want to be rid of. Free competition for greater excellence in quality has done more to create wholesome and balanced conditions than all the business laws that governments have passed.

No one would contend that unanimity of opinions on business policies goes much farther than the desire for better times. Possibly it would not be difficult to define the representative states of mind within the boundaries established by Mr. Ford when he said:

The only choice left for optimism or pessimism is to decide whether this experience is going to teach us anything. The pessimist says it is not. He says the human race never learns anything, it just stumbles on from one panic to another, from one war to another. I am an optimist on that point—I think we have all learned a lot. We are going to remodel our economic machine so that it will not fly to pieces when it goes out on the road. It is a pretty good system when it works. It should work better for everybody than it does, and a lot of thinking toward that end has been done since 1929. Everybody is thinking. That's the main thing. It doesn't matter that all do not think alike—to think is the thing.





## YOU ENJOY DRINK WITHOUT FOOD BUT *never* FOOD WITHOUT DRINK

The better the drink, the more you enjoy food. That's another reason why millions ask for ice-cold Coca-Cola. That tingling, delicious taste and its cool, wholesome after-sense of refreshment make it a natural partner for nearly everything you eat. This favorite of all drinks is *only five*

*cents*. It is *always the same high quality*. Ready—ice-cold—at all soda fountains. So easy to keep in bottles in your own refrigerator. Try it at lunchtime, mid-afternoon. Enjoy it with family and friends at home. You'll taste a new thrill with many favorite foods. The Coca-Cola Co., Atlanta, Ga.

THE DRINK THAT MAKES A PAUSE REFRESHING



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THIS is one of a series of editorials written by leading advertising men on the general subject of advertising

## Modern— or Just Stunty?

A GENUINE accomplishment is seldom loud about itself, and a successful business man does not seek to attract attention by eccentric dress or manners. Why should not advertising follow the same sensible path? A great deal of it—and probably the best of it—does, but all too much of it, in the keen struggle to be seen and read, tries to lead the procession by being what the agency or advertiser thinks is modern.

And what is the result? A hodge-podge of fantastic shapes, unusual type-faces and bizarre technique which leaves only a sense of confusion in the reader's mind. This is bad enough, surely, but in many cases the same fever seems to burn in the copy-writer's veins and the sales argument offered to possible customers offends in the same way—scattering, complicated and confusing in its progress, because it must be *unusual*.

It is easy to disparage and there is so much glass in my own house that I am cautious about throwing stones. This is not a criticism but an appeal—from a sinner to his fellow-sinners, that they mend their evil ways—and to the righteous that they stand fast in their righteousness. Let us have more straight selling and less "Stunt."

J. E. D. BENEDICT  
Advertising Manager  
Metropolitan Life Insurance Co.  
New York City

## For the Man on the Way UP!

Every executive in your organization can use Nation's Business. The employee for whom you subscribe will appreciate your interest in him and you will profit by providing him with this reliable source of business information.

----- **Clip and Mail this Coupon Today!** -----

NATION'S BUSINESS • Washington, D. C. Please enter subscription for

NAME \_\_\_\_\_

FIRM \_\_\_\_\_

ADDRESS \_\_\_\_\_

☐ Three Years, \$7.50

☐ One Year, \$3.00

DONOR'S NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_



# "Attention, squads 14, 17, 22!..."

Still another great service performed by this newspaper for Chicago was introducing the police radio call system. Tribune initiative, \$40,000 of Tribune money and the Tribune radio station—WGN—were used to demonstrate the value of this modern method of fighting crime.



Realizing the value of a police radio call system, the Tribune introduced it in Chicago. Tribune engineers, without expense to the city, equipped all squad cars with specially designed radio receivers tuned to W-G-N's wave length.

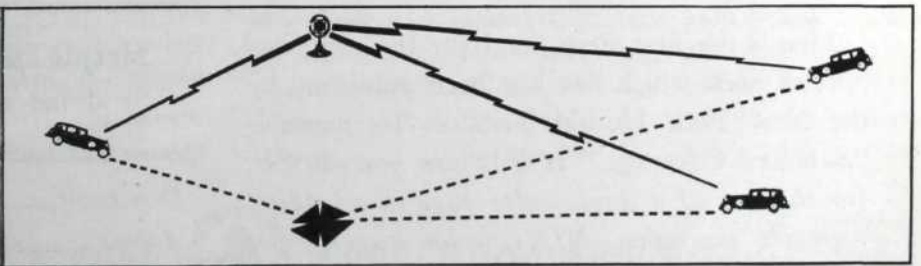
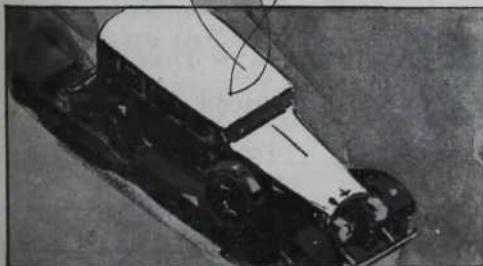
As a result of this pioneering demonstration that the system was effective, the city has installed three short wave transmitters and now operates them through the Police Department—"The longest, strongest police arm I have, thanks to the Tribune," says Police Commissioner Allman.

This public service is indicative of the Tribune's place in Chicago. From long experience Chicago people expect this

newspaper to be the leader in public improvements, aggressively active in every field that affects the welfare of the community. And the Tribune does not disappoint them. It has held steadfast to its principles of serving the public for 85 years. It has become a daily force and friend in the lives of millions in Chicago and throughout the rich territory which looks to Chicago as its financial and economic capital.

This is why advertisers know that after all, "if you're not in the Tribune, you're not in Chicago!" A Tribune representative will gladly tell you how Buick, Bristol-Myers, Bon Ami, and others have proved it.

## "If you're not in the Tribune, you're *not* in Chicago"





# CHILD'S PLAY



**M**AYBE selling New York is child's play for the man whose budget is up in the millions. But most advertisers can't afford every newspaper in town, plus a giant national magazine campaign.

How can they win New York, the richest market in the world, where almost 14% of all U. S. retail sales originate . . . yet where only a little more than 9% of the six leading women's magazines get in? How can they give their national advertising an extra lift without unbalancing their budget?

Here's the first step: Send for the new, important book which has just been published by the New York Herald Tribune. Its name is "Balanced Coverage." It tells how you can get, for the cost of a single color page in a leading women's magazine, *NINE* color pages, over

4,000,000 messages, to magazine-type families, concentrated in New York! Its 24 pages are full of new information for national advertisers who want to get their full share of business from the biggest, toughest and wealthiest market in the world. Write today on your business letterhead. It is FREE.



NEW YORK  
**Herald Tribune** 230 WEST 41ST STREET  
NEW YORK, N. Y.

Send me a copy of "Balanced Coverage".

Name \_\_\_\_\_

Firm Name \_\_\_\_\_ Position \_\_\_\_\_

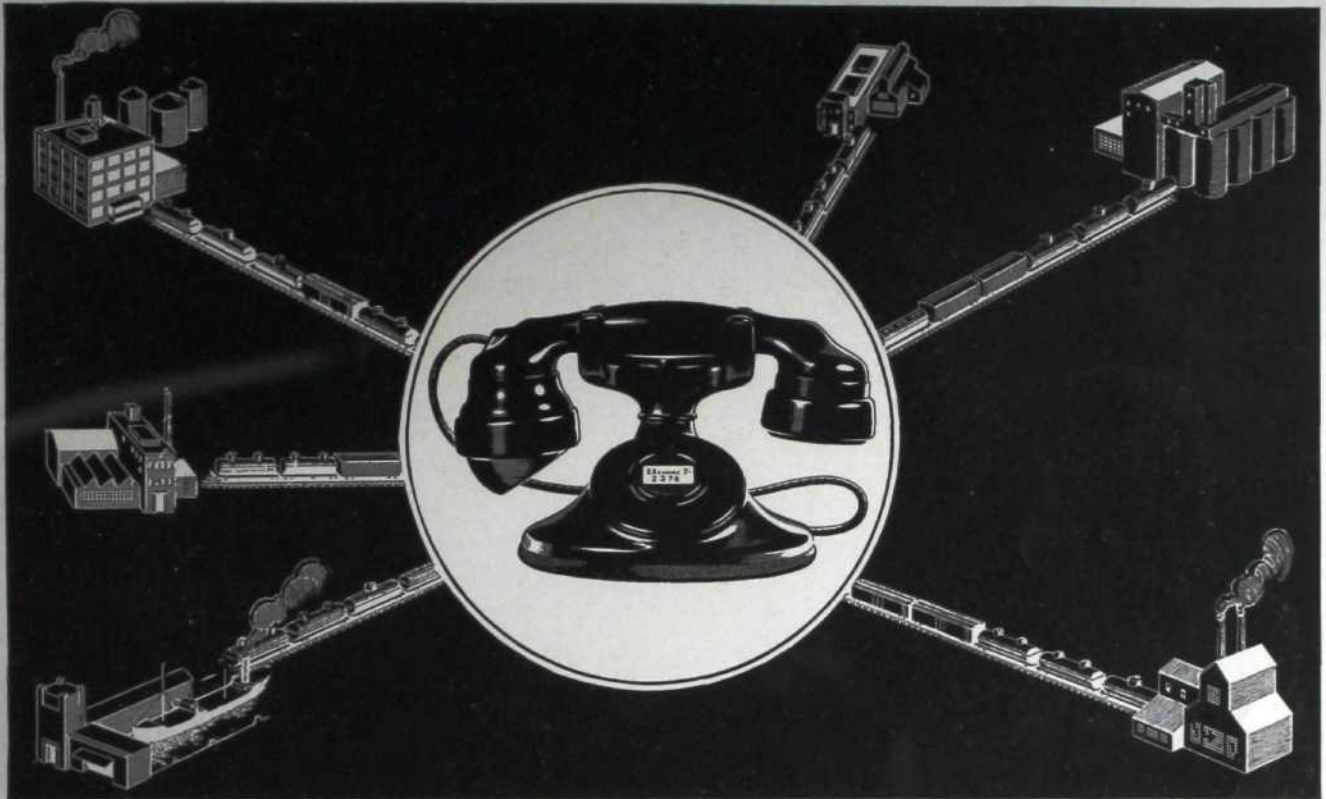
Address \_\_\_\_\_

N. B. 7-32



# "We save money by using *Long Distance*"

SAYS THE PRESIDENT OF GENERAL AMERICAN TANK CAR CORPORATION



*The General American Tank Car Corporation builds refrigerator, tank and other special railroad cars, and rents them to shippers for stated periods. Demands for cars often come on short notice, making it necessary to assemble them*

*quickly from many points throughout the country. Long Distance telephone service is used in all phases of the company's activities: engineering, manufacturing, selling, traffic, collections, accounting and administration.*

MANY of the companies which are successful under today's unusual conditions count Long Distance as one of their important . . . and most economical . . . business-building aids. Among them is General American Tank Car Corporation, whose record through recent trying times has attracted wide attention.

"Our business is founded primarily on service to customers," says the President of this company. "Without Long Distance, we could not give satisfactory service. Consequently, it has become an integral part of our business."

"Long Distance helps keep operating expenses at a minimum. We use it constantly to save money. The vital information which it gathers quickly from many points, the hours it saves in getting things started, the helpful, friendly contact it brings with our customers . . . all have an actual dollars-and-cents value which cannot be ignored."

Let a representative of your local Bell Company show you how the *planned* use of Long Distance brings results at low cost. He will gladly help you develop a telephone merchandising plan which is custom-fitted to the requirements of *your* business. You incur no obligation.

## LONG DISTANCE RATES ARE LOW

*Typical Station-to-Station Rates*

<i>From</i>	<i>To</i>	<i>Day</i>	<i>7 p.m.</i>	<i>8.30 p.m.</i>
Detroit.....	Pittsburgh .....	\$1.05	\$ .90	\$ .60
New York.....	Montreal .....	1.65	1.40	.95
St. Louis.....	New Orleans.....	2.35	1.95	1.30
Washington, D. C. ..	Chicago .....	2.55	2.10	1.40
Boston .....	Grand Rapids .....	3.00	2.45	1.65
Denver.....	San Francisco .....	3.75	3.00	2.00

JUST CALL YOUR BELL



TELEPHONE BUSINESS OFFICE



*Sure as shootin'  
three others are coming*

...three more  
**C**hesterfield  
smokers!



Hear the Chesterfield Radio Program.  
Every night except Sunday. Columbia  
network. See local newspaper for time.

*the Cigarette that's Milder*  
*the Cigarette that TASTES BETTER*

© 1932, LIGGETT & MYERS TOBACCO CO.

